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| <b>Policy &amp; title</b>     | PAY007 – <b>Goods or services provided to UCT by staff or connected parties</b>   |
| <b>Effective date</b>         | 1 December 2009   |
| <b>Objective</b>              | <p>The purpose of the policy is to:</p> <ul style="list-style-type: none"><li>• Address the risks (financial and reputational) associated with staff members, or connected parties, providing goods or services to UCT;</li><li>• Clarify the circumstances in which staff members, or connected parties, can provide goods or services to UCT; and</li><li>• Define the procedures related to staff members, or connected parties, providing such goods or services.</li></ul>   |
| <b>Definitions</b>            | <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>   |
| <b>Scope</b>                  | <ul style="list-style-type: none"><li>• Includes all payments to staff, or connected parties, from UCT funds for goods or services provided to UCT, whether directly or indirectly.<br/>Examples include: translating/editing/proof reading, accounting services, private consulting, accommodation.</li><li>• Excludes payments between staff, for goods or services provided, where the transaction is between colleagues.</li></ul> <p> <b>Note</b></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> |
| <b>Applicable to</b>          | All UCT staff, including UCT Joint Staff on PGWC or NHLS conditions of service.   |
| <b>Additional information</b> | <ul style="list-style-type: none"><li>• Related policies:<ul style="list-style-type: none"><li>- Funds deposited with or held by UCT <a href="#">[GEN001]</a></li><li>- Reimbursements <a href="#">[PAY005]</a></li><li>- Advances <a href="#">[PAY006]</a></li><li>- <a href="#">UCT policy on private work</a></li></ul></li><li>• Related guidelines:<ul style="list-style-type: none"><li>- Contractor’s questionnaire <a href="#">[FG002]</a></li></ul></li></ul>  |
| <b>Policy</b>                 | <ul style="list-style-type: none"><li>• 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.</li><li>• The <b>general principle</b> is that goods or services provided to UCT,<ul style="list-style-type: none"><li>- By a <b>staff member</b>, are<ul style="list-style-type: none"><li>○ reasonably priced;</li><li>○ of appropriate quality;</li><li>○ with reasonable conditions (e.g. guarantees);</li><li>○ are provided with the authority of the line manager; and</li><li>○ are taxed accordingly.</li></ul></li></ul></li></ul>  |



- **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**

Finance helpdesk  
[fnd-finance@uct.ac.za](mailto:fnd-finance@uct.ac.za)  
 650-2111

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|------------------------|-----------------------------------|
| <b>Policy category</b> | Payments                          |
| <b>Policy owner</b>    | The Executive Director of Finance |
| <b>Last reviewed</b>   | New policy                        |
| <b>This review</b>     | December 2009                     |
| <b>Approval</b>        | Audit Committee                   |