

Raising Purchase Orders for Subcontracts and Partners

Purchase Orders raised by the JRO for Department approval are required to commit the costs for Research Partners who will form part of a collaboration agreement between Imperial College and the partner, and/or third parties who will have a sub-agreement for services required on the project.

(This includes services provided by ICHT via an OID or mNCA. [Expand HRA – SoECAT and OID section](#))

During the negotiation stage, the Contracts team should liaise with the Grants team as to the value of the original agreed budget for each partner/subcontractor. This may change during the negotiation process, so this needs to be checked if still within the overall budget awarded by the funder in conjunction with the Department and Grants team.

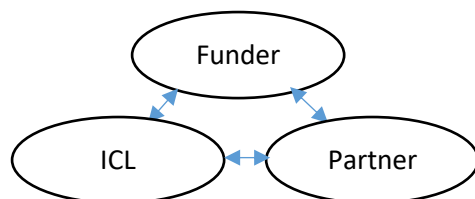
Note: if there is no original budget for the partner/subcontractor from the outset and a third party joins the project late, hence budgets need to be reallocated, then the study team must liaise with the Grants team to agree the budget breakdown (not just the total amount) and confirm this to the Contracts team in conjunction with the Dept Admin.

Please ensure VAT is included on the PO, where applicable. See VAT section below.

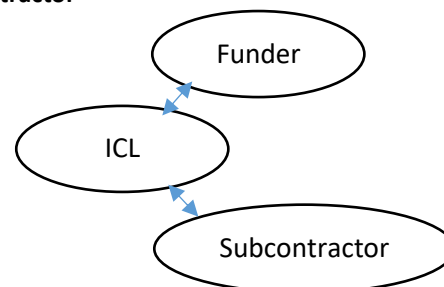
N.B. The only exception when the Dept Admin or Clinical Trials Manager will raise a PO on a research projects is when the award is a large clinical trial and there are many clinical sites and the budgets are changing frequently, so often the clinical trials manager takes the lead on these and raises the PO on JRO's behalf, as they have better oversight of the sites, budgets and patient numbers.

Research Partners versus Professional Fees - Guidance on the Treatment of Research Income can be found on this [link](#). There is also guidance on the [JRO webpage](#) under "Research Partners and Subcontractors".

Research Partner



Subcontractor



Purchase Orders will follow the fully executed agreement

Once the agreement has been finally negotiated and a final version signed. The fully executed agreement should be **sent to the third party** by the **Contracts Team** informing them the PO number is to follow by the **Grants Team**.

- *In the email from Contracts to the third party it should indicate to them the "Name of GA" who will raise the PO against which the third party can invoice for payments.*

The **Contracts Team** will then send the fully executed agreement to the relevant **Grants Team** (Grant Manager and SGA), **along with the name of the contact at the third party organisation.**

In the email to the Grants Manager, the following information should also be provided for clarity and transparency in the hand over:

- Prime Funder and P-number to which this agreement relates.
 - Request to raise a PO for the attached sub-agreement, as per schedule x.
 - *Amount and Currency will be in the agreement.*
 - *See last page for determining analysis code.*
 - Name of third party and contact information for PO.
 - *Address should already have been verified against IPROC or Suppliers record on ICIS.*
 - Notification of any special clauses, financial arrangements and payment schedule (indicating which page number(s) in the sub-agreement).
- *The relevant personnel will each receive a copy of the agreement and have access to each other's email address if the above process is followed properly.*

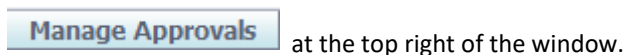
The relevant Grants Administrator will then raise a requisition and attach the fully executed agreement for **Departmental Approval**.

To ensure the approval route is correct, it should be amended on *iProcurement* to select the relevant section/divisional/departmental manager for the related cost centre.

Click “Next” after the Project Details have been added



Followed by



Click “Change Managerial Approver” and select the appropriate approver from the department.

Those on the approval route within the Department need to see a copy of the fully signed version of the agreement.

Click  at the bottom left of the window to add the signed agreement.

A comment should also be added to the requisition to confirm the PO being raised is within the budget awarded.

The dept should apply due diligence and at least have a basic understanding of what the requisition relates to prior to approving, **not to scrutinise** the agreement in any way. The Contracts team will have already ensured the college's Terms of Trade are met and negotiated any other special clauses to satisfy the relationship with the partner/subcontractor.

Once the requisition has been approved by the Dept, the PO number will be generated and this should be emailed to the contact at the partner/subcontractor provided in the email handover from the Contracts team (Ccing the relevant dept administration, if necessary).

The Grant Administrator **MUST** then update their partner/subcontractor reconciliation accordingly and make note of the PO number raised for future reference.

- For Trust costs, please review the [OID \(Organisational Information Document\)](#)

New supplier not on the system

On occasion, the Research Partner or Subcontractor will not be on ICIS and therefore their details need to be added as a New Supplier to the Accounts Payable system (known as [ASK](#)), which can cause delays.

Please follow the “New Supplier Setup Process” which is for Contracts and Grants staff saved to the JRO Operations Manual.

The action should be to check if the supplier is already on the system as early as possible in the process to prevent delays in raising the PO when the fully executed agreement is handed over from Contracts.

Partner/Subcontract Reconciliation

The Grants team must hold a reconciliation of the partner/subcontractor budget to identify what invoices have been raised against the budget for the partner/subcontract, which should match ICIS, and what is remaining so that any new agreement put in place is within the overall partner/subcontract budget.

IMPORTANT

Amendment to PO Number

If the existing PO is replaced with a new PO number which is different to the one given previously, please ensure the new PO number is communicated to the partner/subcontractor and clearly documented in the award folder and on the reconciliation. The Contracts team should also be made aware of the new PO number for completeness.

Purchase Order Maintenance can be found on the Finance Knowledge Bank by clicking on this [wikilink](#).

Purchasing and Encumbrance Guidance can also be found in the Operations Manual on the I:drive.

VAT

VAT for partners and subcontracts should have been considered at the pre-application stage and the departmental administration should be asking the appropriate questions about the research partners / subcontractors on their application from the outset, as per the [Research Partner and Professional Fees Guidance](#)

The answers to those questions in the guidance will help determine if the third parties are a research partner or a subcontractor on the project. More importantly it will also help determine whether they should include VAT in their costs on the InfoEd proposal costing.

It is imperative to get this correct from the outset to ensure budgets are correctly set up on ICIS and VAT does not become an issue which will potentially impinge on the budgets awarded, and inevitably reallocation of budget to factor in VAT.

This will also allow for the correct analysis code to be set up on ICIS. Hence, when the requisition is raised with the correct analysis code and the correct VAT reason is selected on iProc, the VAT code will be automatically selected and added to the requisition.

Category used on InfoEd & Analysis Codes used on ICIS

Professional Fees (Subcontracts)

UK Suppliers (**Non VATable**) – 162132

Note: Does not include VAT on PO when raised under this analysis code

UK Suppliers (**VATable**) – 162137

EU/Overseas **Suppliers** – 162137

Note:

- 162137 - VAT will be included on POs for all suppliers
- Some POs raised for NHS Trusts will incur VAT, the exemptions are:
 - When there is a supply of medical staff (e.g. salary recharges)
 - Includes patient care
 - If the above exemptions do exist use the analysis code 162132

N.B 162108 has been discontinued and should no longer be used

Research Partners

UK Universities – 191104

Other Collaborators (Commercial or other) – 191110

Note:

- Requisitions raised under analysis codes 1911xx will not include VAT on POs, as collaborative research is VAT exempt

If in doubt, please refer to

- The [“VAT coding for Research Funding”](#) guidance on SharePoint
- [Imports and Exports FAQs](#) on wiki-links
- or Graham Conner on 020 7594 3315 or by email g.conner@imperial.ac.uk