AP-45 Supplier vs. Party (One-Time) Payments in NCFS

Purpose

The purpose of this Quick Reference Guide (**QRG**) is to explain how to determine if your agency should use supplier or party payments for specific payments in the North Carolina Financial System (**NCFS**).

Supplier vs. Party (One-Time) Payments

Consider the following points for both options:

- Agencies should use the standard NCFS Supplier set up and payment process when:
  - "Doing business" with a supplier for goods or services.
  - Payments are 1099 reportable.
  - Agency would like for the payment to follow the agency defined invoice approval workflow.
  - Making payments to another state agency.
  - Making repeated payments that may require more robust reporting available in NCFS for supplier invoices and payments.

- Agencies may choose to use the Party Payment (One-Time) payment method in NCFS when:
  - Making Payments to non-suppliers (this may include payments to citizens or organizations).
  - Payment does not require 1099 income reporting. Please note that associating a party payment to a supplier later for 1099 reporting or payment research will be more difficult and time consuming for agency AP staff.

  - Agency is agreeable to bypassing their standard invoice approval workflow.
  - Robust payment reporting is not required.
  - Making payments for expenses to former or inactive employees. Please exercise caution to avoid duplicate payments as both an employee and party.

- Agency Chief Fiscal Officers should weigh the following potential risks and limitations when using the party payment method in NCFS as opposed to the standard supplier invoice process:
  - Party payments could present an added risk since the payee does not go through the TIN matching process with the IRS as part of the NCFS supplier registration process.
  - Party payments are immediately approved in NCFS and do not follow the standard invoice approval workflow selected by the agency.
  - Since party payments do not create a supplier record in the system, reporting is limited compared to the robust reporting available for supplier invoices and payments. Payees do not have a unique identifier, so a payment to ‘John Doe’ will look like a different payment to ‘Jonathon Doe’ even if they are the same person. This may increase the risk of duplicate payments.

OSC suggests that the NC AP Import Payables Payment Request role required for the party payment upload process be limited to few users within each agency. This role should be reserved for users who have an aptitude for problem solving. Using the direct party payment method can create opportunities for errors that may require time and patience for troubleshooting.

First Published

Tue, 08/26/2025

Last Updated

Tue, 08/26/2025

View PDF