

SECTION 10: VENDORS

Overview

INTRODUCTION

Section 10: Vendors provides a general overview of vendor records in the Vendor Master File (VMF) in AKSAS and detailed procedures for establishing and changing these records. *Section 10: Vendors* includes information for using online vendor inquiry to search for a vendor record, reading the vendor record detail screen, visual examples of how to set up a vendor record, adding and changing vendor records, address verification procedures and messages, and how vendor records are managed for levies, liens, and withholding orders. Procedures for these topics can be found in the following subsections:

- Vendor Inquiry
- Vendor Detail
- Add Vendor
- Change Vendor
- Address Verification and Messages
- IRS Notice of Levy

NOTE: The word *Vendor* in this Section is referring to a Payee that State of Alaska warrants are issued to through the state's accounting system (AKSAS). This could be an actual vendor who has provided goods or services to the state, a board/commission member or state employee receiving travel per diem/reimbursements, or a program or grant recipient receiving benefit payments, among others.

The VMF is the database which holds vendor records. Vendor records hold vendor detail information including; Business Type, Tax or Employee ID, 1099 Reportable Status, Vendor Legal Name, DBA Name, Address, optional contact information and phone number, vendor notes, electronic payment capability status, and vendor status. Vendor records are viewable on the Vendor Detail screen, through IV - VENDOR INQUIRY on the AKSAS Main Menu. Also accessible from a vendor record is 18 months of payment history to that record:

```
INQ-VM:  VENDOR DETAIL                                DATE: 10/04/2011
VENDOR NUMBER: ALA84921      ACTIVE? YES            DATE LAST ACTIVITY: 07/06/2011

VENDOR LEGAL NAME: ALASKA AIRLINES INC.
DBA NAME/ADDRESS: SEAFIRST BANK, DEPT 4101
VENDOR ADDRESS: PO BOX 34936
CITY: SEATTLE                                STATE: WA ZIP: 98124-1936

BUSINESS TYPE: LLC LIMITED LIABILITY CO          VENDOR CLASS: MI
TAX OR EMP ID: [REDACTED]                       1099 REPORTABLE? YES

VENDOR EMAIL/CONTACT: LANE C KEMPER/CANDICE WILLIAMS  EDI STATUS: NOT SET UP
PHONE: (206)988-9436 EXT:

ACCEPTS CREDIT CARD? YES

VENDOR SHORT NAME: AK AIRLINES SEA/WAS
VENDOR NOTES: ALASKA AIRLINES INC.
CORRESPONDENCE ADDRESS: SEAAC
PO BOX 68900, SEATTLE, WA 98168
ENTER VENDOR NUMBER FOR NEXT DETAIL==> _
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
CONT  QUIT                                WREF                                PFKYS                                HELP
```

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INQ-WR: REFERENCE/WRNTS REPORT - WRNT CLASS: WM Pg 1 of 6 10/04/2011
REF: PVN ALA84921
SEL WRT NUM          PAYEE          PRT DATE          AMOUNT
-----
 1 20925963 ALASKA AIRLINES INC.      05/06/2011         57.42
 2 23020228 ALASKA AIRLINES INC.      05/05/2011      400,000.00
 3 23020023 ALASKA AIRLINES INC.      05/05/2011      400,000.00
 4 23019725 ALASKA AIRLINES INC.      05/05/2011      400,000.00
 5 20925501 ALASKA AIRLINES INC.      05/05/2011         2.46
 6 01154370 ALASKA AIRLINES INC.      06/24/2010         14.25
 7 01154306 ALASKA AIRLINES INC.      04/08/2009        535.89
 8 01154286 ALASKA AIRLINES INC.      02/05/2009       -593.16
 9 01154285 ALASKA AIRLINES INC.      02/05/2009        772.63
10 01154284 ALASKA AIRLINES INC.      02/05/2009        772.63
11 01154283 ALASKA AIRLINES INC.      02/05/2009        772.63
12 01154282 ALASKA AIRLINES INC.      02/05/2009        772.63
13 01154280 ALASKA AIRLINES INC.      02/05/2009         75.00
14 01154278 ALASKA AIRLINES INC.      02/05/2009        524.09
15 01154163 ALASKA AIRLINES INC.      01/16/2008       -319.30
ENTER SELECTION=>  -OR- REF TYPE/NUM  WRT CLS
ORDER(A/D):  SOURCE RD CODE:  THRU  WRT PRINT DATE:
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
CONT  QUIT          PGDN          VN/RD          PFKYS          HELP
  
```

Department of Administration, Division of Finance (DOA/DOF) assigns each vendor record an identifying number, referred to as a Vendor Number or Pay Vendor Number (PVN), except for Fish & Game license vendors. PVN is a required reference on an Add Warrant Request transaction to identify the payee on warrants. It is also required on open items such as encumbrances and used as a reference on reports.

Temporary Vendor Numbers

It may not always be necessary to have a vendor record on file in order to issue a payment through AKSAS. One-time and infrequent payments, when the account code on the warrant transaction is not 1099 reportable, can be submitted with a temporary vendor number. This is true for clearing AutoPay transactions as well.

Temporary vendor numbers are not maintained on the VMF. When a temporary vendor number is used in a warrant request transaction, the payee name and address must also be entered, since there is no vendor record to pull this information from.

The temporary vendor number is entered on the warrant request transaction as an agency-specific, three-alpha character prefix followed by 99999, such as ADM99999 (i.e., where ADM refers to Administration). Each agency establishes their identifying three-alpha characters for use. Agencies may assign separate three-alpha character prefixes to identify different divisions within their agency, being cautious to avoid overlapping prefixes with other agencies. Using agency-specific alpha characters for temporary vendor numbers allows for easier vendor payment research.

Each agency has their own policy on the use of temporary vendor numbers, so check with your agency’s fiscal office for their policy before using temporary vendor numbers.

In addition to agency-specific temporary vendor numbers, seven generic PVNs have been established in AKSAS specifically for 310-55 AutoPay transactions. The generic PVNs are used when it is difficult to establish a PVN for a vendor, and when a vendor is infrequently used. The generic PVNs are:

- RRR00000 for meal charges (restaurants)
- GGG00000 for fuel charges (gas stations)
- TTT00000 for taxi fares
- FFF00000 for foreign vendors
- ATM00000 for ATM fees
- INS00000 for in-state charges
- OOS00000 for out-of-state charges

Foreign Vendors

The Internal Revenue Service (IRS) requires that a valid W-8 be required before any payment is issued to a newly used foreign vendor. Before setting up a foreign vendor in AKSAS, vendors should be guided to the W-8BEN as a starting point. The directions at the top of the W-8BEN will guide the vendor if the W-8BEN is the appropriate form to fill out, or if another W-8 form should be completed instead.

The W-8BEN (and other W-8 forms) is located at: <http://www.irs.gov/Forms-&-Pubs> .

Nonprofit Vendors

If a vendor is claiming nonprofit status, verify their nonprofit status at either of the following websites:

- Guidestar: www.guidestar.org
- IRS Exempt Organizations Select Check: <http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>

Do not set up a vendor record or change a vendor's business type to nonprofit until the vendor's nonprofit status has been formally recognized by either of the above websites.

AKSAS Transactions

The following AKSAS financial transactions are used to add and change vendor records on the VMF, as well as to add, change, or disable financial electronic data interchange (FEDI) capability on a vendor record:

505-10: Add Vendor - Used to establish a vendor record in the VMF. Entered by the paying agency, dual authorized by DOA/DOF, and certified by the input agency.

505-20: Change Vendor - Used to change vendor information in an existing vendor record. Also used to activate or inactivate vendor records in the VMF. Entered by the paying agency, dual authorized by DOA/DOF, and certified by the input agency.

505-25: DOF FEDI Vendor Data - Used by DOA/DOF to enable or disable FEDI capability on a vendor record so that electronic payments can be made, or not made, to a vendor. Refer to DOA/DOF's Electronic Payments (ACH/EDI) website for details on FEDI at <http://doa.alaska.gov/dof/epay/index.html>.

Documentation for Add & Change Vendor Transactions

The IRS requires that a Taxpayer Identification Number (TIN) be on file if 1099 reportable payments are made. The TIN may be an Employer Identification Number (EIN) or an individual's Social Security Number (SSN). The TIN may be obtained from an invoice, AutoPay Supplier Information, or other sources. The State of Alaska Substitute Form W-9 may also be used by agencies to obtain a TIN if necessary and is available on [DOA/DOF's home page](#) under *Forms, Taxes, Tax Related Forms*. The AKSAS Vendor Record becomes the State of Alaska's record of the TIN.

Due to AKSAS storage issues, vendor transactions are excluded from the financial transaction retention schedule. Because vendor transactions are not retained in AKSAS these transactions cannot be researched or tracked by document number.

Since there is no retention schedule for vendor transactions, procedures for retaining backup documentation on vendor transactions is left to departments. However, DOA/DOF recommends that any backup documentation associated with paying a vendor be retained with the associated payment transaction, **which can be researched or tracked by document number and archived.**

Dual Authorization

DOA/DOF's role in dual authorizing vendor transactions is to assure the transactions contain all necessary information to accurately complete 1099 reporting. For example:

- Is the vendor's Legal Name and Business Type identified on the transaction?
- Does the **1099 Reportable Y/N** field reflect the proper reporting status for the Business Type?

If information on the record is incomplete or conflicts, DOA/DOF will request that the input agency provide verification of the vendor's tax reporting information, often via a Form W-9.

Accurate transactions are generally dual authorized within 1-3 business days of being submitted in AKSAS. However, if volume is high, processing time may be longer.

In exceptional circumstances, such as when a payment must be made immediately, email the Vendor Authorization team at doa.dof.vendor.auth@alaska.gov to expedite transaction dual authorization. **Document in your email why an expedite is needed.**

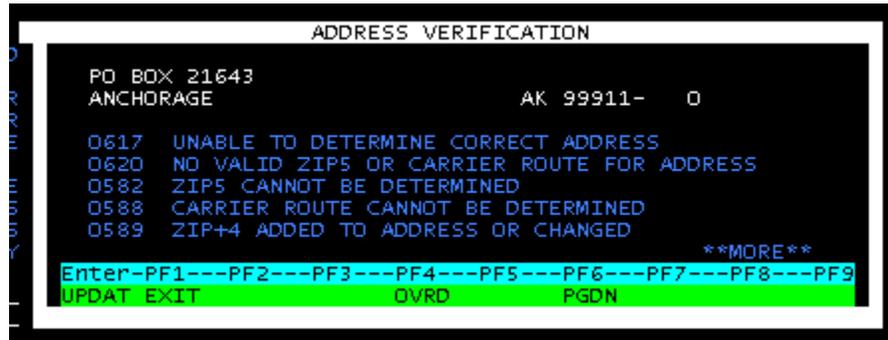
Certification

Agency certifying officers are responsible for verifying that the vendor's tax reporting information is correct on the vendor transaction (i.e., know who you're paying). Agencies establish their own policies for documentation and verification of a vendor's tax reporting information.

Vendor transactions that have been dual authorized and certified process overnight in AKSAS. Refer to [Section 4: Financial Transactions & Batch Processing](#) for detail information about processing and maintaining batches in AKSAS.

Vendor Address Verification

Information entered in the **VENDOR ADDRESS, CITY, STATE**, and **ZIP CODE** fields on an add vendor or change vendor transaction is compared to a U.S. Postal Service (USPS) standard address data file. The address entered is system edited as error messages are presented on unmatchable addresses. This process is known as Address Verification. Steps should always be taken to correct address errors:



The Address Verification process helps:

- Correct spelling errors (if it can interpret the misspelled word).
- Remove punctuation and excess spaces between entries.
- Abbreviate and standardize words such as road, alley, boulevard, and street.
- Mail to be bar coded (i.e., scanned) by the postal service. Only U.S. domestic addresses are verified. The State of Alaska receives a postage discount for bar coded mail.

NOTE: Foreign mailing addresses cannot be standardized or bar coded.

The Address Verification process verifies the following address information: ZIP5 and ZIP+4 codes, city, carrier route, street name and number, street suffix and directional indicator, and unit designator and number.

Addresses can be verified at the USPS website at <http://zip4.usps.com/zip4/>. Refer to [Address Verification and Messages](#) procedures in this Section for additional details about address verification on vendor transactions.

System Inactivation and Purging of Vendor Records

Vendor records are maintained in AKSAS based on the **DATE OF LAST ACTIVITY** field, the **ACTIVE** status field, and the **VENDOR CLASS** field on the VENDOR DETAIL screen:

```

INQ-VM:  VENDOR DETAIL          DATE: 09/23/2011
VENDOR NUMBER: TESO1175        ACTIVE? NO        DATE LAST ACTIVITY: 02/17/2011
VENDOR LEGAL NAME: TEST INC.
DBA NAME/ADDRESS:
VENDOR ADDRESS: 12594 E PACIFIC CIR UNIT B
CITY: AURORA                STATE: CO ZIP: 80014-5369
BUSINESS TYPE: INC GENERAL CORPORATION
TAX OR EMP ID: EIN841516041    VENDOR CLASS: MI
1099 REPORTABLE? NO
  
```

Date of Last Activity

The **DATE OF LAST ACTIVITY** on the record is updated by AKSAS when the following transactions process:

- Financial transactions using the vendor as a reporting reference.
- Warrants issued to the vendor.
- Transactions changing the vendor record.

Active Status

When a vendor record is added to the VMF, the record's **ACTIVE** status is automatically set as "A" (i.e., Active). Vendor records can be manually inactivated and reactivated by submitting a change vendor transaction.

Purging of Vendor Records

- During AKSAS month-end processes, vendor records with a date of last activity more than 13 months from the current date are automatically inactivated by AKSAS.
- Inactive vendors are purged from the VMF 18 months after the date of last activity (5 months after they are inactivated by AKSAS or 18 months after manual transactions to inactivate).

Exceptions to purge process due to Vendor Class

The purge process can differ based on a vendor's **VENDOR CLASS**:

- **Vendor Class Code EW – ELECTION WORKER** is inactivated 26 months from the date of last activity and purged 36 months from the date of last activity.
- **Vendor Class Code SE – STATE EMPLOYEE** is inactivated 13 months from the date of last activity and purged 18 months from the date of last activity.
- **Vendor Class Code PC – PETTY CASH/CHANGE FUND** is never automatically inactivated, and therefore will never purge. Change vendor transactions can be processed to inactivate these PVNs.

1099-MISC Reporting & Vendor Records

The State of Alaska (DOA/DOF) is required to issue IRS 1099-MISC tax statements to reportable vendors for reportable payments of \$600 or more. A vendor’s 1099 Reportable status is identified on their vendor record, and is determined by their Business Type (BT):

```
BUSINESS TYPE: LLC LIMITED LIABILITY CO
TAX OR EMP ID:
VENDOR CLASS: MI
1099 REPORTABLE? YES
```

A payment’s 1099 Reportable status is identified on the expenditure account code the payment is posting to:

```
INQ-AC: ACCOUNT INQUIRY
ACCOUNT NUMBER 72100 ACTIVE? YES CREATING RSN 07789
COA YEAR 2012 UPDATE RSN 07789
ACCOUNT TYPE: EXPENDITURE
DESCRIPTION SHORT: INSTATE TRAVEL
DESCRIPTION LONG: ROLLUP ACCOUNT FOR INSTATE TRAVEL COST
POSTING? NO 1099 REPORTABLE? NO
RECORD BUDGETS? NO
LOGICAL LEVEL NUMBER: 50 - SUBGROUP
NEXT HIGHER LEVEL: 72000 - TRAVEL
NEXT LOWER LEVELS:
72110 - EMPLOYEE TRAVEL 72120 - NONEMPLOYEE TRAVEL
PHYSICAL LEVEL: 7 SEQUENCE: BEG 241 END 255
FOR NEXT ACCOUNT ENTER=> NUMBER COA YEAR
Enter--PF1--PF2--PF3--PF4--PF5--PF6--PF7--PF8--PF9--PF10--PF11--PF12--
CONT QUIT BASE LWRLV PFKYS HELP
```

Properly identifying a vendor’s BT on their vendor record is crucial for accurate 1099 reporting. Note that the **1099 REPORTABLE (Y/N)** and **VENDOR CLASS** fields are system populated based on the BT selected on the vendor transaction.

Below is a table of BT codes and descriptions, their 1099 reportable status and vendor class, and whether the **1099 REPORTABLE (Y/N)** and **VENDOR CLASS** fields are system populated.

Vendor Business Type Codes

BT Code	BT Description	1099 Reportable (Y/N)	Vendor Class	Notes
BRD	BOARD/COMM MEMBER	Y	BC	1099 Rpt & Vendor Class are populated.
ELE	ELECTION WORKER	Y	EW	1099 Rpt & Vendor Class are populated.
EST	ESTATE/TRUSTS	Y	MI	1099 Rpt & Vendor Class are populated.
FGN	FOREIGN ENTITY	N	MI	1099 Rpt & Vendor Class are populated.
GOV	FED/STATE/LOCAL	N	MI	1099 Rpt & Vendor Class are populated.
INC	GENERAL CORPORATION	N	MI	1099 Rpt & Vendor Class are populated.
LLC	LIMITED LIABILITY CO	Y	MI	1099 Rpt & Vendor Class are populated.
LSC	LEGAL SVC CORP	Y	MI	1099 Rpt & Vendor Class are populated.
MSC	MEDICAL SVC CORP	Y	MI	1099 Rpt & Vendor Class are populated.
NEE	NON EMPLOYEE	Y	MI	1099 Rpt & Vendor Class are populated.
NPC	NONPROFIT CORP	N	MI	1099 Rpt & Vendor Class are populated.
ONE	ONE CARD GENERIC PVN	N	MI	Only used to identify One Card Generic PVNs.
PAR	PARTNERSHIP/LLP	Y	MI	1099 Rpt & Vendor Class are populated.

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PCF	PETTYCASH/CHANGE FND	N	PC	1099 Rpt & Vendor Class are populated.
SEE	STATE EMPLOYEE	N	SE	1099 Rpt & Vendor Class are populated.
SOL	SOLE PROPRIETOR	Y	MI	1099 Rpt & Vendor Class are populated.

The BT code and description table is available on add and change vendor transactions by pressing PF12 HELP in the **BUSINESS TYPE** field:



REPORTS

AKSAS Hard Copy Reports

Transaction Index Listing (B30001): Provides a list of transactions processed in AKSAS. Specific RD codes and lower levels, transaction status, transaction codes, and/or source system IDs may be specified in the report request.

Financial Transaction (FTP) Register (B30003): Provides transaction detail for financial transactions processed in AKSAS. Report data is requested by specific RD codes and lower levels, transaction status, transaction codes, and/or source system IDs. The report lists all processed information for each transaction.

*Note: Because of space issues for storing AKSAS transactions, vendor transactions are **not** retained in AKSAS. Therefore these transactions cannot be researched or tracked by document number.*

ALDER Reports

Following is a list of ALDER enterprise reports available for agency use. For more information on using ALDER reporting, refer to your department’s [ALDER Agency Advocate](#).

- Detail Transactions by Vendor City
- Detail Transactions by Vendor ID
- Detail Transactions by Vendor Name
- Detail Transactions by Vendor Number
- Detail Transactions by Vendor State
- Detail Transactions by Vendor Zip Code
- Detail Transactions for Account by Vendor
- Detail Transactions for Appropriation by Vendor
- Detail Transactions for Collocation Code by Vendor
- Detail Transactions for Contract by Vendor

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- Detail Transactions for Grant by Vendor
- Detail Transactions for Ledger Code by Vendor
- Detail Transactions for Program by Vendor
- Detail Transactions for Project by Vendor
- Detail Transactions for RD Code by Vendor
- Detail Transactions for Reference Type Reporting by Vendor
- Detail Transactions for Specific Reference Reporting by Vendor
- Vendor Analysis