Introduction to Non-PO Payment Methods

The University has authorized specific procurement applications or tools that do not require a purchase order, these include FTC/BSC procurement card (pcard), regular pcard, disbursement voucher, and department charge (see sections 202 and 203).

A purchase order is not required when:

- Payment is allowed on a pcard (see section 302)
- Payment is allowed on a Disbursement Voucher (see section 203)
- Procurement Services has delegated the authority for review to a specific unit; for example, the acquisition of library books has been delegated to the University Libraries. In these instances, Procurement Services has a Memorandum of Understanding (MOU) in place with these units. See Appendix B of University Policy 3.25, Procurement of Goods and Services, for a complete list of those units with delegated authority for specific goods or services.
- A unit offers a “department charge” for internal sales, whereby the selling unit processes an electronic journal voucher.
- The Board of Trustees has delegated the authority for review and approval of specialized transactions to another central unit. That unit will determine the most appropriate method of procurement. See Section 201 of this manual for details on these specialized transactions.
- Personal payment by an employee, with request for reimbursement, is made for travel expenses or a hosted business meal.

NOTE: There is a flowchart available to assist you in determining which payment method to utilize, see next page.
Prior to reviewing this flowchart, you must:
1. Consult University Policy 3.14, Business Expenses to ensure that your intended purchase is Cornell allowable
2. If you are paying with sponsored funds, ensure that your intended purchase is allowed by the sponsor.

Is your purchase a specialized service, as listed in Buying Manual Section 201?

NO

Is your payment eligible for processing via DV as described in Buying Manual Section 203?

NO

Are you paying for business travel?

NO

Is your good or service available through e-SHOP?

NO

Is your purchase eligible for payment by pcard? See Section 302 for a list of transactions prohibited on pcard.

NO

Is your purchase a service (not covered by one of the questions above)?

NO

Your intended purchase requires a purchase order. See Section 400, The Purchase Order Process and consult your FTC/BSC.

YES

See Section 201, which will direct you to a specific office within the University.

YES

After reviewing Section 203 for any additional instructions, process your payment through KFS via DV.

YES

See Section 204 and refer to University Policy 3.2, Travel Expenses.

YES

Purchase through e-SHOP. See Section 403 for more information on e-SHOP.

YES

Pay with procurement card. For purchases above your transaction limit, contact your FTC/BSC.

YES

See Section 700, Paying for Services for further instructions.
Eligible for Direct Payment with Approval of Authorized Unit

The review and approval of certain Specialized Services has been delegated by the Board of Trustees to specific units at the university, based on that unit’s specialized knowledge of the service. These payments may be made directly by disbursement voucher (i.e., check, ACH, or wire transfer); however, approval from the unit with delegated authority must accompany any request for payment. Payments can be made at dollar levels greater than the formal bid limit of $10,000. See University Policy 4.2, Transaction Authority and Payment Approval, for information on the necessary approvals based on dollar levels.

Caution: The procurement of these specialized services may require a contract. Whether the services shall require a purchase order and/or a unique contract is at the discretion of the unit listed in parentheses. For additional information on contracts, see the Paying for Services, section 700 of this manual.

- Architectural & Engineering Services (requires approval of Contracts and Capital Projects)
- Audit and Tax related services (requires approval of the University Audit Office)
- Benefits & Employment services (requires approval of the Division of Human Resources)
- Construction Contracts (requires the approval of Contracts and Capital Projects)
- Energy and energy related financial instruments (requires approval of Utilities and Energy Management)
- Insurance (requires the approval of Risk Management & Insurance)
- Investments (requires the approval of the University Investments Office)
- Legal services (requires the approval of the Office of the University Counsel)
- Real estate (requires approval of the Real Estate Department)
- Sponsored Programs – Subcontracts (requires the approval of the Office of Sponsored Programs)
- Treasury services/Debt/Banking (requires the approval of the Office of the Treasurer)

Note: For information on requesting your payment by check, or equivalent electronic method, see “Disbursement Voucher” at the end of section 203 of this manual.
Procurement Card

A procurement card (also known as a pcard) is a credit card issued by a financial institution to an organization to make business-related purchases from vendors. The card is issued in an employee’s name and may be used for certain low-dollar, business-related purchases, when the item is not available through e-SHOP. There are per transaction and monthly dollar limits on the cards, as well as certain goods and services that are prohibited from payment by pcard. Since the pcard is a university liability, the bill is paid centrally by Cornell for all balances; no purchase order or reimbursement process is necessary.

In general, to be eligible for payment by pcard, a purchase must:

- Be an allowable business expense, based on University Policy 3.14, Business Expenses
- Be within the cardholder’s per-transaction and monthly limit
- NOT appear on the list of Prohibited Transactions (see section 302)

Procurement card holders should consult the Procurement Card section of this manual to review their responsibilities and the specific goods and services that are prohibited from payment by pcard. In the event that your intended purchases exceeds your per transaction limit, or you do not hold a procurement card, consult your Financial Transaction or Business Service Center.

*Note:* The terms and conditions associated with a purchase order provide certain legal protection to the university and therefore, there may be instances where the unit or Financial Transaction or Business Service Center chooses to request a purchase order rather than utilizing a procurement card.
Payment by Disbursement Voucher

Eligible for Direct Payment via Disbursement Voucher

Procurement Services has exempted the payment types described in this section from the issuance of a purchase order. No contract is necessary unless specifically stated. Since these payment types are generally not available through e-SHOP and procurement card is often not an option, payment by check or equivalent electronic method may be requested via the Disbursement Voucher. A Financial Transaction Center or Business Service Center may request these payments (via DV) at dollar levels greater than the formal bid limit of $10,000. See University Policy 4.2, Transaction Authority and Payment Approval, for information on the necessary approvals based on dollar level.

اته Note: For information on requesting your payment by check, or equivalent electronic method, see Disbursement Voucher (DV) at the end of this section.

- Advertisement – a paid announcement in newspapers or magazines, on radio or television, etc.; a public notice. Generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment.

- Ambulance services - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment.

- Athletic event official – requesting the payment for the official via the DV is acceptable even if the athletic event official is an employee. The Service Provider Evaluation is not necessary as an athletic event official is always an independent contractor.

- Award - something that is bestowed generally for excellence, whether or not based on an open competition. Payments to employees must be processed through Payroll. See Payment to Students below.

- Donations – any voluntary contribution of cash or property to any organization outside of the university, regardless of the sources of funds, must be approved by The Office of Community Relations. Attach your approval to the DV.

- Dues for Memberships and Professional Organizations - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment.

- Entertainment Events held at major, public places such as Bailey Hall or Statler Auditorium – consult the Office of University Counsel regarding a contract and attach that contract to your DV. It is also recommended that you include the engagement letter and major concert addendum. The Service Provider Evaluation described in Section 700 is not needed.
• **Film rental** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment.

• **Food for Resale** – *food that is acquired for purposes of resale on campus*, by units that do not have a Spend Delegation agreement with Procurement and Payment Services, e.g., Temple of Zeus, The Green Dragon, may be paid via DV.

• **Freight Bills** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment. Payment must be made within fifteen (15) days per Federal Interstate Commerce Commission/Department of Transportation regulations.

• **Gift** – *something given as a present.* ♦ **Caution:** See [University Policy 3.14, Business Expenses](#), for additional information, particularly related to expenses that benefit faculty, staff or students. The IRS classifies almost all “gifts” to employees as taxable wages. Contact tax@cornell.edu prior to making any gift to an employee.

• **Guest Lecturer (Speaker) Fee** - *an agreed upon fee for the services of an individual who is providing minimal supplementation (e.g., one lecture in a semester long course) to the primary instructor in a class or workshop, regardless of whether the course awards academic credit or not.* The speaker must present an invoice; compensation for the service may be paid via DV. When a request is made to “reimburse” the speaker’s travel, that reimbursement will be processed on a separate DV. Guest lecturer fees paid to employees, or individuals who have been an employee at any time in the same calendar year, must be processed through Payroll. ♦ **Caution:** The term “guest lecturer” does not include adjunct instructors or individuals providing significant or continuous instruction for a class/workshop; these individuals are considered employees and must be paid through Payroll.

• **Honoraria** – *payment(s) made in appreciation, primarily intended to confer distinction or to symbolize respect, which is not required by agreement, and not a fee charged by the recipient.* If the unit has agreed to pay for the travel of an individual receiving an honoraria, the travel may be paid directly (see Section 307 for details regarding BSC/FTC direct payment of travel) or may be processed as a reimbursement. The travel must be charged to a Federal Unallowable object code. Honoraria payments to employees must be processed through Payroll.

• **Human Participant Fees (i.e., fees for research subjects, survey participants)** - *payment to a participant in a study conducted by a Cornell faculty, staff or student* (not considered a payment for services). These payments may be made to employees via DV; payment through Payroll system is not required. See The Office of Research Integrity and Assurance at [www.irb.cornell.edu](http://www.irb.cornell.edu) for further details on conducting research involving human participants. See [University Policy 3.21, Advances](#) for information on the use of a cash advance for these payments.

• **Liquor for Resale** – *alcohol that is acquired for purposes of resale on campus* may be paid via DV as New York State law requires that the payment be made within 10 days of the sale.
• **Magazines, Periodical Subscriptions, Books** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, DV may be used to generate this payment.

• **Postage and Express mail** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, DV may be used to generate this payment.

• **Petty Cash Replenishment** – Submission of receipts to replenish the minimal amount of cash kept on hand by a unit to pay for small expenditure items ($25 and under) where use of a pcard is impractical. See [University Policy 3.21, Advances](http://www.dfa.cornell.edu/procurement/tools-forms/forms/contracts) for further details.

• **Performer without Equipment** – Individual(s) who performs for entertainment at a public event, includes disc jockey, clown, small band with instruments only, comedians, musicians with instruments only, mimes, etc. Must have a signed Performer without Equipment Contract, which includes indemnification in lieu of certificate of insurance. The contract is available on the Procurement Services website at http://www.dfa.cornell.edu/procurement/tools-forms/forms/contracts.  

  ♦**Note:** Use object code 6615 for payments.

• **Permit/License** – Building projects often require permission from the city of Ithaca (e.g., fences, retaining walls, site work, tent permit, sign application, etc.) Additionally, permits/licenses may be required when goods are being sold at an event and for special events (e.g., noise, assembly or parade, street closures, use of city property, alcohol, vending).

• **Post-Doctoral Fellowship** - payments made to a Post Doc fellow, generally supported by NRSA or similar training grants.  

  ♦**Caution:** Most payments to post-docs are classified as wages and will be paid through payroll. The unit cannot elect to make a payment to a post doc in this manner; the sponsor or external party supporting the post doc determines the treatment of the payment.

♦ **Note:** For clarification purposes, please note the following methods of payment:
  - Post Docs (other than those supported by training grants or external fellowships, as described above): Pay through payroll using the title “Post Doc Associate”
  - Graduate stipends for assistantships or payments for other services: Pay through payroll
  - Graduate scholarship/fellowship (where no services required): Process as financial aid through PeopleSoft Financial Aid application
  - Graduate students, other payments: Process as financial aid through PeopleSoft Financial Aid application
  - Undergraduate students: Process as financial aid through PeopleSoft Financial Aid application
  - Payments to post docs, graduate and undergraduate students not described above: Contact tax@cornell.edu for instructions.

• **Prize** - something that is awarded in a contest or won by chance.

• **Public Utilities** – (e.g., NYSEG)  

  ♦**Note:** Internet services are not considered a public utility and are not eligible for DV payment.
• **Refunds** - *Return of monies previously paid to Cornell* (i.e., overpayment of a parking ticket, conference cancellation)

• **Reimbursement** – *Returning the cost of a business expense that was incurred personally* ★Note: The reimbursement method is to be utilized for travel and business meals, and not the procurement of goods and services. Incidental goods purchased during travel may be reimbursed along with the traveler’s normal transportation, lodging, and meals in accordance with University Policy 3.2, University Travel.

• **Restaurants** – *direct payment for business meals, not catered or hosted events.* Generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, DV may be used to generate this payment. ★**Caution:** When a meal is being provided for a group in a restaurant or other facility where the establishment is reserved only for Cornell and its guests, and not open to the general public, the event will require the issuance of a purchase order.

• **Royalties, Permission Fees, Commissions** - *Fees paid for use of a right* (e.g., publish or reprint a photo or an article, use a play script or musical for a stage performance, *use of a musical composition*). Requesting the payment via DV is acceptable even if the payee is an employee. The Service Provider Evaluation described in Section 700 is not needed. The unit requesting this type of payment should have a written agreement with the payee. Attach the agreement to the DV. ★**Caution:** Paying a service provider to create a work of art (e.g., take a photo, write a play, compose music) is compensation for services and requires a purchase order and contract. For individuals performing a play or piece of music, see Performers without Equipment above.

• **Seminar and Convention Registration fee** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, DV may be used to generate this payment.

• **Taxes**

• **Temporary employment agencies**

• **Translator – deaf or foreign language** - Requesting the payment via DV is acceptable even if the service provider is an employee. Use the Service Provider Contract for Deaf or Foreign Language Translation and attach it to the DV. The Service Provider Evaluation is not necessary because translators are always independent contractors.

• **Writers, Editors, Indexers of scholarly publication, book, or Cornell magazine** – Requesting the payment via DV is acceptable. Use the Service Provider Contract for Writing, Editing, Indexing. The Service Provider evaluation is not necessary because the contract contains a service provider attestation.

When a unit agrees to reimburse the travel expenses of an individual who is also receiving another payment type listed above, two separate payments will be made. The payment type
listed above (e.g., guest lecture fee, honoraria) is recorded on the DV as a “Direct Payment”,
while the travel expense portion is processed as “Reimbursement for Expenses.”

Direct any questions on tax and withholding to the Tax Manager in the Division of Financial
Affairs at tax@cornell.edu.

Payment by Disbursement Voucher

Disbursement Voucher: Direct Payment by Check or Other Equivalent
Electronic Methods

For those goods and services eligible for direct payment, the payment will be requested using the
KFS Disbursement Voucher. Please refer to the Financial Transaction SOP: Financial
Processing, Disbursement Vouchers.

Requesting a New Vendor
If the vendor that you are paying is not already in the system, see Section 205 Vendor Setup.

Payments to Employees
An individual who is currently an employee, or who has been an employee in the current calendar
year, will be paid for services through Payroll unless the description of the payment type above
specifically notes that requesting the payment via DV is acceptable even when the service
provider is an employee. Direct questions to the Tax Manager in the Division of Financial Affairs
at tax@cornell.edu

Payments to Students
Students who are receiving prizes or awards should be set up as DV vendors. If the award is to
be a surprise, then the FTC/BSC may temporarily set the student up as a Refund and
Reimbursement vendor with the following information:
- Description field – include the word “Surprise”
- Explanation field – include “surprise award or prize” and the student’s NetID
- Remit address – enter the address where the check should be mailed

Procurement Services will switch the vendor type from Refund & Reimbursement to DV. If a
W-8BEN is not provided for foreign students, tax withholding of up to 30% of the award amount
may apply. For questions on tax withholding for foreign students, contact the Tax office at
tax@cornell.edu. See Buying Manual Section 205, Vendor Setup.

NOTE: Information on commonly used small service providers, who require a purchase order,
can be found in section 702. These services include: entertainers, DJ’s, massage therapists,
clowns, henna body painters, writers, editors, videographers, and web designers.
Payment Options for Business Travel

All Cornell business travelers are required to comply with university policies, including but not limited to University Policy 3.2, Travel Expenses and University Policy 3.14, Business Expenses. Travelers should familiarize themselves with these policies before planning and commencing travel for the university.

Cornell employees whose job requires them to travel are eligible to apply for a Corporate Travel Card. This is a personal liability credit card with no annual fee. For more information on the benefits of the corporate travel card, and the application process, please review Section 350, Corporate Travel Cards Introduction and Section 351, Corporate Travel Cards Responsibilities.

Employees who travel on university business may be eligible to obtain a university cash advance. See University Policy 3.21, Advances, for further details.

Reimbursement

Cornell business travelers generally pay their travel expenses personally, using their corporate travel card or other personal funds. Upon return from travel, documentation to support the traveler’s expenses is submitted, followed by reimbursement from the university. The reimbursement method is to be utilized for travel and business meals and not the procurement of goods and services.

To streamline the payment of business travel expenses and reduce the instances where an advance is required, the University will pay directly for certain travel expenses. See below for a summary of payment options for travel-related expenses.

Payment Options

- Airfare – Direct payment to an authorized “partner” travel agency is allowed for Cornell faculty, staff, and students, as well as official visitors/guests of the university. See the Travel Portal at travel.cornell.edu for links to authorized travel agencies and further details about making reservations. The authorized travel agency will generate an invoice for airfare and the traveler’s FTC/BSC will create a Disbursement Voucher to request payment. Groups of three or more employees and visitors/guests have additional payment options; contact your FTC/BSC to discuss.

- Bus, campus to campus - Transportation between Ithaca and the New York City campus (Weill Cornell Medical College) can be reserved and directly billed to a university account through the Transportation and Mail Services web pages see www.c2cbus.com.

- Bus, chartered – Buses chartered for groups require proof of insurance and may require a contract and must not be paid for by an individual traveler; contact your FTC/BSC.

- Bus/Amtrak, individual – Direct billing is not available for individual employee travelers for bus or Amtrak transportation. For groups of three or more or for visitors/guests of the university, contact your FTC/BSC.

- Conference registration fees – these should generally be charged to a procurement card.

- Lodging – Direct billing for lodging is available for a limited number of hotels, primarily in Ithaca and New York City. See the Travel Portal at travel.cornell.edu for the most up-to-date listing of hotels. For groups of three or more or for visitors/guests of the university, contact your FTC/BSC to discuss.

- Rental Cars – No method of direct billing is available for rental cars.
Vendor Setup Procedures for FTC/BSC Staff

Step 1. Determine if the vendor is registered with Cornell
Conduct Vendor Search:
There are several search tools available to help you identify a potential supplier for goods and services.
1. e-SHOP – Cornell's one-stop, Web-based "shopping cart" for ordering a full range of goods and services from preferred, diverse, and local suppliers. It is integrated with Cornell's financial system, and routes orders to approvers and financial transaction and business service centers for payment.
2. Procurement Wizard – On the Procurement Gateway, the Wizard is a step-by-step tool designed to help you determine if the good or service is available from a preferred or contract supplier and how to place your order, and make your payment.
3. Vendor Inquiry – Available in Spend Viz on the web for anyone with a Cornell NetID. Similar to the KFS Vendor Search, this tool allows you to search by name or vendor number.
4. Find a Supplier – Available in Spend Viz on the web for anyone with a Cornell NetID. Use the key word search or commodity code search to identify existing suppliers (already set up in KFS) who have provided the commodity. You may refine your search to identify preferred/contract, e-SHOP, diverse, or New York State certified MWBE suppliers.
5. KFS Vendor Search – To make a payment – refund, reimbursement, petty cash, or disbursement voucher – to a company or an individual, please search the Kuali Financial System (KFS) vendor database before requesting that a new vendor be setup.

If a supplier is not available in KFS, then you may request a new supplier. Please be sure to provide as much information as possible about the supplier (e.g., vendor name, complete address, telephone, fax, and e-mail) on the KFS Requisition (REQS) or I Want Doc.

KFS Search Tips:

When searching the KFS vendor database, use the asterisk wildcard (*) before and after the keyword. Also, you should enter less information in the search field, then add additional information to refine your search results. For example, if you are looking for The Cornell Store, begin by searching for "Cornell". You will see nearly 200 search results using this keyword search, so you can refine your search by entering "Cornell Store" in the vendor name search field.

In addition, if you search for an individual, begin by searching for the last name only, e.g. *smith*. To limit
your results for an individual, change your search to *smith, john*.

NOTE: All purchase orders vendors are set up by Procurement Services. Requests for new purchase order vendors are made on the requisition (REQS). Procurement Services will contact the vendor.

**Step 2. Determine if vendor is classified as domestic or foreign**

To receive payments from Cornell, vendors must be set up in the KFS vendor database. There are several ways to accomplish this depending on the type payment being made, as well as the vendor’s status as domestic or foreign. The vendor should be able to tell you if he/she/it is domestic or foreign based on the criteria below.

**To Determine Domestic or Foreign Vendor Status:**

For federal tax purposes, a payee is considered to be a domestic payee if he/she/it meets any of the following criteria:

- An individual who is a U.S. citizen or U.S. resident alien (green card holder)
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States
- An estate (other than a foreign estate)
- A domestic trust (as defined in Regulations section 301.7701-7)

NOTE: If the payee does not meet any of the above criteria, then he/she/it is considered a foreign payee.

**Step 3. Determine vendor payment type**

The vendor type is determined by the type of payment(s) you will make to the vendor. Please refer to the chart below:

<table>
<thead>
<tr>
<th>Vendor Type Code</th>
<th>Vendor Type Description</th>
<th>Use this vendor type for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>DV</td>
<td>Disbursement Voucher Vendor</td>
<td>Taxable, reportable payments, or those payments covered by delegated spend as prescribed in sections 201 &amp; 203 of the Buying Manual</td>
</tr>
<tr>
<td>RV</td>
<td>Refund &amp; Reimbursements Only</td>
<td>Refunds and out-of-pocket reimbursements; do not use this vendor type if you anticipate making a future DV payment, e.g., an honorarium or speaker fee</td>
</tr>
<tr>
<td>RF</td>
<td>Petty Cash Custodian</td>
<td>Those staff members who are responsible for handling petty cash drawers</td>
</tr>
<tr>
<td>SP</td>
<td>Special Payments</td>
<td>The University Tax Office has designated this vendor type for the following entities only: federal, state, local, or foreign governments; vendors with “Tax Collector” in their name; K-12 public schools; and foreign embassies</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
<td>The purchase of all goods and services except those contained in sections 201 &amp; 203 of the Buying Manual</td>
</tr>
</tbody>
</table>
If you need to change a vendor’s type, e.g., SP to DV, please contact Procurement Services to find out what is required to make the change.

Step 4. Determine setup method and IRS Form requirements

Procurement Services has delegated responsibility to the financial transaction and business services centers (FTC/BSC) for the process of entering new vendors into KFS for payment. There are several ways to set up vendors depending on vendor type and domestic or foreign status.

<table>
<thead>
<tr>
<th>Vendor Type</th>
<th>Domestic</th>
<th>Foreign</th>
<th>Paper W-9/W-8 Required?</th>
<th>Additional Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>DV</td>
<td>Automated Vendor Form (includes W-9 information and does not require a paper submission)</td>
<td>Manual process***</td>
<td>Yes***</td>
<td>KFS requires a tax identification number (i.e., social security or federal employer identification number) to create a new domestic vendor. This is a system requirement.</td>
</tr>
<tr>
<td>RV</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td>Documentation of name and address should be attached to the submission for verification.</td>
</tr>
<tr>
<td>RF</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>SP</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>PO</td>
<td>Request on requisition – Procurement Services will use AVF to set up vendor</td>
<td>Request on requisition – Procurement Services will use manual process to set up vendor</td>
<td>Yes***</td>
<td>KFS requires a tax identification number (i.e., social security or federal employer identification number) to create a new domestic vendor. This is a system requirement.</td>
</tr>
</tbody>
</table>

*** If a foreign vendor is set-up in KFS without an IRS Form W-8, the University Tax Office is required by IRS regulations to withhold 30% from payments to the vendor/payee.

Step 5. Request IRS Forms as required in table above

Please attach the completed form to the appropriate vendor e-doc. Do not e-mail W-9 or W-8 forms.

Sensitive Data Storage and Transmission:

When requesting a W-9 or W-8 from a vendor or payee, the only secure means of transmission are via secure FAX machine (see below), drop box, or US mail. Do not ask a payee to e-mail a completed copy of a W-9 or W-8 as this is not a secure method of transmission.

For security reasons, the scanned W-9 or W-8 forms must be deleted from your hard drive after they have been attached to the vendor e-doc. Paper copies of the W-9 or W-8 forms should be shredded when no longer needed.
A “secure FAX machine”, as defined by the CIT Security Office, is as follows:

During business hours, the FAX machine must be in a location where it is accessible only to authorized departmental personnel. (That is, visitors to the office cannot walk up to it, and there are no issues with people in the office seeing the material that is being transmitted.) Off-hours and whenever no one is in the office, the FAX machine has to be in a physically secure (locked) environment.

Compliance with IRS requirements

IRS Form W-9 for Domestic Payees:
According to IRS regulations, Cornell University must obtain a payee’s correct taxpayer identification number and legal name as it appears on his/her/its federal income tax return to report taxable, reportable payments made to vendors and individuals. IRS Form W-9 must be obtained from any vendor that is an individual who is a United States citizen or resident alien or a business entity organized in the United States.

IRS Form W-9 are available at www.irs.gov and on the Procurement Services website at For Suppliers → Doing Business with Cornell → Supplier Information Form.

IRS Form W-8 for Foreign Payees:
The IRS forms for foreign payees can be found at www.irs.gov and on the Procurement Services website at For Suppliers → Doing Business with Cornell → Supplier Information Form. All versions of IRS Form W-8 expire three years after being signed.

Which version of the W-8 is required?
- IRS Form W-8BEN must be obtained from a foreign individual
- IRS Form W8BEN-E must be obtained from a foreign business entity (corporation)
- IRS Form W-8EXP must be obtained from a foreign non-profit or foreign government organization
- IRS Form W-8IMY must be obtained from a foreign partnership
- IRS Form W-8ECI must be obtained from a foreign person who claims his/her income is effectively connected with the conduct of trade or business in the US

Questions on foreign status, tax or withholding shall be directed to the Tax Manager in the Division of Financial Affairs at tax@cornell.edu.

Step 6. Vendor Setup Processes by vendor type

Domestic Vendors
1. DV – Disbursement Voucher Vendors
   a. Using the AVF, the FTC/BSC staff member should generate an email invitation to the vendor so the vendor may complete the automated vendor registration process
   b. The vendor should follow the instructions in the email invitation and complete the AVF
   c. The information contained in the AVF will route to Procurement Services for approval
   d. Upon approval by Procurement Services, an email notification will be sent to the vendor and the FTC/BSC requestor with the new vendor number. (Note: Neither the unit nor the FTC/BSC should request a W-9 from the vendor unless instructed to do so by Procurement Services.)
   e. If the vendor does not have internet access, then the FTC/BSC may use the manual process to set up the vendor
2. **RV – Refund & Reimbursement Vendors**
   a. The FTC/BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. (Note: A W-9 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the FTC/BSC should request a W-9 from the vendor. Documentation of vendor name and address should be attached to the submission.)
   b. Do not code as Foreign as Cornell has no tax reporting responsibilities for the types of transactions authorized for Refund and Reimbursements.
   c. If the vendor is foreign, please add a note to the Notes and Attachments tab indicating the vendor’s foreign status and country of citizenship/incorporation.
   d. If you are processing a travel reimbursement and you suspect that a taxable, reportable payment will be made to the vendor, e.g. a speaker fee, then you should set up the vendor up as a DV vendor.
   e. If you are setting up an award or prize for a student that is intended to be a surprise, the student may be temporarily setup as a Refund & Reimbursement Vendor. The FTC/BSC must note the following in the KFS record:
      i. Description field – include the word “surprise”
      ii. Explanation field – include “surprise award or prize” and the student’s NetID
      iii. Remit address – enter the address where the check should be mailed
   Procurement Services will switch the vendor type to DV and approve within 3-5 business days. If a W-8BEN is not provided for foreign students, tax withholding of up to 30% of the award amount may apply.
   f. If the award or prize for the student is not a surprise, then follow the standard DV process described above in number 1.

3. **RF – Petty Cash Vendors**
   a. The FTC/BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. (Note: A W-9 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the FTC/BSC should request a W-9 from the vendor.)
   b. The remit address must be a Cornell address.
   c. Address line 1 must include the words Petty Cash along with the name of the unit, e.g., Petty Cash - SAS Business Service Center

4. **SP – Special Payments**
   a. The FTC/BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. Tax Office approval for this payment type must be attached to the vendor e-doc. (Note: A W-9 is not required for Special Payment vendors; therefore, neither the unit nor the FTC/BSC should request a W-9 from the vendor.)

5. **PO – Purchase Order**
   a. The FTC/BSC member should include the vendor’s contact information, including email address, in the requisition
   b. When the PO routes to Procurement Services, a procurement agent or assistant will use the AVF to generate an email invitation to the vendor so the vendor may complete the automated vendor registration process
   c. The vendor should follow the instructions in the email invitation and complete the AVF
   d. The information contained in the AVF will route to the Procurement Services for approval
   e. Upon approval by Procurement Services, an email notification will be sent to the vendor and the procurement agent or assistant with the new vendor number. The agent or assistant will complete the processing of the purchase order.
Foreign Vendors

1. DV – Disbursement Voucher Vendors
   a. The FTC/BSC staff member will request the appropriate version of the W-8 from the vendor. Per IRS regulations, the W-8 submitted must be the latest version that appears on www.irs.gov; otherwise, we cannot accept it.
   b. Once the FTC/BSC staff member has received the W-8 and determined that it is the current version, legible, a signed and dated by the vendor, then he/she should manually enter the vendor's information in the KFS vendor e-doc, attach a scanned copy of the W-8, and submit the vendor e-doc for approval. The FTC/BSC must follow the proper handling procedures for sensitive data as outlined above.
   c. The vendor e-doc will route to Procurement Services for approval.
   d. Upon approval by Procurement Services, an FYI will be sent to the FTC/BSC staff member indicating the registration process is complete and the new vendor number will be provided.

2. RV – Refund & Reimbursement Vendors
   a. The FTC/BSC staff member will manually enter the vendor's information in the KFS vendor e-doc and submit it for approval. A W-8 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the FTC/BSC should request a W-8 from the vendor.
   b. If you are processing a travel reimbursement and you suspect that a taxable, reportable payment will be made to the vendor, e.g., a speaker fee, then set the vendor up as a DV vendor.

3. RF – Petty Cash Vendors
   a. Not applicable

4. PO – Purchase Order
   a. The FTC/BSC member should include the vendor's contact information, including email address, in the requisition.
   b. When the PO routes to Procurement Services, a procurement agent or assistant will contact the vendor and request that the supplier information form be completed and returned to Procurement Services.
   c. The procurement agent or assistant will also request the appropriate version of the W-8 from the vendor. Per IRS regulations, the W-8 submitted must be the latest version that appears on www.irs.gov; otherwise, we will not be able to accept it.
   d. Once the procurement agent or assistant has received the completed supplier information form and properly completed W-8, he/she will forward the information to the vendor setup team.
   e. Upon approval by the vendor setup team, the procurement agent or assistant will add the new vendor number to the PO and complete the PO review process.

5. SP – Special Payments authorized by the Tax Manager
   a. Contact the Tax Office before selecting this payment type. Tax Office approval for this payment type must be attached to the vendor e-doc.
Responsibilities for Vendor Set-up

End Users:
   a. End users should NOT request W-9’s or W-8’s unless requested to do so by the FTC/BSC or Procurement Services. This will only happen if the FTC/BSC or Procurement Services experiences difficulty obtaining the required documentation from the vendor.
   b. Complete the I Want document or follow the process outlined by your FTC/BSC. Include all contact information for the vendor you want to use. At a minimum, include the vendor’s email address, fax number and telephone number.

FTC/BSC Staff Members:
   a. FTC/BSC staff must use the automated vendor form to set-up domestic DV vendors.
   b. FTC/BSC staff must not request W-9’s from vendors unless expressly asked to do so by Procurement Services. This will only happen if Procurement Services experiences difficulty obtaining the required documentation from a vendor.
   c. FTC/BSC staff must use the vendor e-doc, i.e. the manual process, to set up Petty Cash (type RF) vendors or Refund & Reimbursement (type SP) vendors.
   d. FTC/BSC staff must use the vendor e-doc, i.e. the manual process, to set up all foreign DV vendors. This includes requesting, reviewing and attaching the correct version of the W-8 to the vendor e-doc. The W-8 must be legible, signed and dated by the vendor.
   e. FTC/BSC staff must request domestic PO vendors on the requisition. Include all contact information for the vendor – especially the vendor’s email address.

Procurement Services:
   a. Procurement Services will use the automated vendor form to set up all domestic PO vendors.
   b. Procurement Services will use the manual process to set up all foreign PO vendors.
   c. If the requisition does not include sufficient information for Procurement Services to send the automated vendor form to a domestic vendor, or otherwise contact a foreign vendor, Procurement Services reserves the right to disapprove the unapproved purchase order.