Vendor Setup Procedures for 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, contract, 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. 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.
3. 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.
4. 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, narrow your search to “smith, john”.

Section 205
All purchase orders vendors are registered by Procurement Services. Requests for new purchase order vendors are made on the requisition (REQS). Procurement Services will contact the vendor. All disbursement voucher vendors are invited to register by the Business Service Centers using PaymentWorks, an automated vendor registration tool.

**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)

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) being made 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., from SP to DV, please contact Procurement to find out what is required to make the change.
Please remember, if Buying Manual section 201 or 203 state that permission from another unit is required, then you must attach the supporting documentation to the I Want Doc or vendor setup request.

**Step 4. Determine setup method and IRS Form requirements**

Procurement has delegated responsibility to the business services centers (BSC) for the process of entering new disbursement voucher 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>PaymentWorks (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 Refund &amp; Reimbursement</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 Petty Cash Custodian</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>SP Special Payments</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>PO</td>
<td>Request on requisition – Procurement will use PaymentWorks to register vendor</td>
<td>Request on requisition – Procurement 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. If a vendor/payee registers via PaymentWorks, the W-9 information is collected and there is no need to collect a paper form.

IRS Form W-8 for Foreign Payees:
The IRS forms for foreign payees can be found on the IRS website at www.irs.gov. 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 PaymentWorks, the BSC staff member should generate an email invitation to the vendor so the vendor may complete the automated registration process
   b. The vendor should follow the instructions in the email invitation to complete the registration
   c. The information contained in PaymentWorks will route to Procurement for approval
   d. Neither the unit nor the BSC should request a W-9 from the vendor unless instructed to do so by Procurement.

2. RV – Refund & Reimbursement Vendors
   a. The BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. A W-9 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the 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 also 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 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 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 BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. A W-9 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the 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 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. 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 BSC member should include the vendor’s contact information, including email address, in the requisition
   b. When the requisition routes to Procurement, a procurement agent or assistant will use PaymentWorks to generate an email registration invitation to the vendor
   c. The vendor should follow the instructions in the email invitation to complete the registration
   d. The information contained in PaymentWorks will route to Procurement for approval

Foreign Vendors

1. DV – Disbursement Voucher Vendors
   a. The 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 the IRS website at www.irs.gov; otherwise, we cannot accept it.
   b. Once the BSC staff member has received the W-8 and determined that it is: current version, legible, 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 BSC must follow the proper handling procedures for sensitive data as outlined above.
   c. The vendor e-doc will route to Procurement for approval
   d. Upon approval by Procurement, an FYI will be sent to the BSC staff member indicating the
registration process is complete and the new vendor number will be provided.

2. RV – Refund & Reimbursement Vendors
   a. The 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 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 also 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 BSC member should include the vendor’s contact information, including email address, in the requisition.
   b. When the requisition routes to Procurement, a procurement agent or assistant will contact the vendor and request that the supplier information form be completed and returned to Procurement.
   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 the IRS website at 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 Setup

End Users:
- **End users should NOT request W-9s or W-8s** unless requested to do so by the BSC or Procurement. This will only happen if the BSC or Procurement experiences difficulty obtaining the required documentation from the vendor.
- Complete the I Want document or follow the process outlined by your 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.

BSC Staff Members:
- **BSC staff must use PaymentWorks to set-up domestic DV vendors.**
- **BSC staff must not request W-9’s from vendors** unless expressly asked to do so by Procurement. This will only happen if Procurement experiences difficulty obtaining the required documentation from a vendor.
- **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.**
• 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.
• 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:
• Procurement will use PaymentWorks to set up all domestic PO vendors.
• Procurement will use the manual process to set up all foreign PO vendors.
• If the requisition does not include sufficient information for Procurement to send the automated registration invitation to a domestic vendor, or otherwise contact a foreign vendor, Procurement reserves the right to disapprove the unapproved purchase order.
• Effective January 1, 2019, Procurement will reject domestic vendors set up manually with a W-9 form, unless there is appropriate justification for using the manual process.