

## Vendor Setup Procedures for BSC Staff

Before registering a new vendor, you will have:

- Determined the appropriate payment method using the Flowchart in section 200
- Determined that a [preferred or contract supplier](#) is not available for the good or service
- Confirmed that the requested supplier is not in Cornell's electronic marketplace, [e-SHOP](#)
- Determined that an existing supplier is not available by using Find a Supplier in [Spend Viz](#). Use the key word search or commodity code search to identify registered suppliers who have provided the commodity. You may refine your search to identify preferred/contract, e-SHOP, diverse, or New York State certified MWBE suppliers.

### Step 1. Conduct vendor search to determine if the “new” vendor is already registered with Cornell

1. **KFS Vendor Search** – To make a disbursement voucher payment (such as, refund, reimbursement, petty cash, or direct payment) or to request a purchase order to a company or an individual, please search the Kuali Financial System (KFS) vendor database before requesting that a new vendor be setup.
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 partial name.

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 address) on the KFS Requisition (REQS) or I Want Doc (IWNT).

#### KFS Search Tips:

The screenshot shows a 'Vendor Lookup' form with the following fields:

- Vendor Name: [Yellow highlighted text box]
- US Tax Number: [Text box]
- Foreign Tax Id: [Text box]
- Vendor #: [Text box]
- Active Indicator:  Yes  No  Both
- Vendor Type: [Dropdown menu]
- State: [Dropdown menu]
- Country of Incorporation/Citizenship: [Dropdown menu]
- Commodity Code: [Dropdown menu]
- Supplier Diversity: [Dropdown menu]
- Vendor Contract Number: [Text box]
- Debarred: [Dropdown menu]
- Default Payment Method: [Dropdown menu]

Buttons at the bottom: Search, Clear, Cancel. A 'Create New' button is in the top right corner.

- Use the asterisk wildcard (\*) before and after the keyword.
- 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 may refine your search by entering \*Cornell Store\* in the vendor name search field.

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- Begin search for an individual by using the last name only, e.g. \*smith\*.
- Narrow the results for an individual, by adding a first name, e.g. \*smith, john\*.

**Step 2. Determine KFS vendor type**

The KFS vendor type is determined by the type of payment(s) being made to the vendor. Please refer to the chart below:

<b>KFS Vendor Type Code</b>	<b>KFS Vendor Type Description</b>	<b>Use this vendor type for:</b>
DV	Disbursement Voucher	Taxable, reportable payments, or those payments covered by delegated spend as prescribed in sections <a href="#">201</a> & <a href="#">203</a> of the Buying Manual. Approval from the unit with delegated authority must accompany any request for payment per section 201.
RV	Refund & Reimbursements Only	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
RF	Petty Cash Custodian	Those staff members who are responsible for handling petty cash drawers
SP	Special Payments authorized by Tax Manager	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
PO	Purchase Order	The purchase of all goods and services except those contained in sections <a href="#">201</a> & <a href="#">203</a> of the Buying Manual

If you need to change a vendor's type, e.g., from DV to PO, please enter the vendor name and number in the requisition notes.

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**Step 3. Determine setup method and IRS form requirements**

Disbursement voucher payees and purchase order vendors may be invited to register through our online registration portal or entered manually in KFS. The appropriate registration method varies based on the KFS vendor type. See the instructions and IRS form requirements in the table below.

<b>KFS Vendor Type</b>	<b>Setup Method</b>	<b>Paper IRS form (W-9 or W-8) required?</b>	<b>Substitute W-8 allowed?</b>	<b>Additional Info</b>
<b>DV</b> Disbursement Voucher	Online registration portal ( <b>PaymentWorks</b> ). <i>PaymentWorks provides validation of taxpayer identification numbers, addresses, and bank accounts, performs OFAC screening, includes a substitute W-9 and requires an uploaded W-8.</i>	Required for manual setup only.	Never allowed for students.  See limited conditions below.	KFS requires a taxpayer identification number (i.e., social security or federal employer identification number) to create a new domestic vendor.
<b>RV</b> Refund & Reimbursement	Manual process	No	No	Documentation of name and address should be attached to the submission for verification.
<b>RF</b> Petty Cash Custodian	Manual process	No	No	Should use a Cornell remittance address.
<b>SP</b> Special Payments	Manual process	No	No	
<b>PO</b> Purchase Order	Request on requisition – Procurement will use online registration portal ( <b>PaymentWorks</b> ) to register new vendor	Required for manual setup only.	Never allowed for Students.  See limited conditions below.	KFS requires a tax identification number (i.e., social security or federal employer identification number) to create a new domestic vendor.

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

**Conditions for utilizing the Substitute W-8 (Certificate of Foreign Status Form)**

- This substitute form can ONLY be used with foreign payees or vendors when services and/or purchases of goods are 100% foreign, meaning at no point will that individual/company come into the United States at all.
- This form will only be used with foreign payees or vendors who provide services, or we purchase goods from, **100% outside of the country for the entirety of the contract.**
- If at any point during the contract there will be services which may be performed within the

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United States, then this form will not be allowed to be utilized.

- If at any point during the contract the terms change and the source of the services or products change to be in any way domestic sourced, a W-8 series form must be completed before payment can be processed.
- This form cannot be accepted without signature.
- This substitute form **may not be used for any type of payment made to a student**, including prizes and awards.
- If you have tax specific questions, send an email to [tax@cornell.edu](mailto:tax@cornell.edu).

To access the form, visit the Tax Office website at <https://www.dfa.cornell.edu/tax/fordepartments/tax-forms>.

## Step 4. Vendor setup processes by KFS vendor type

### Domestic and Foreign Vendors

#### 1. DV – Disbursement Voucher Vendors

- a. Using PaymentWorks, the BSC staff member sends 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 two-step registration process
- c. The information submitted in PaymentWorks will automatically route to the vendor reviewer in 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. If you are processing a travel reimbursement and you anticipate that a taxable, reportable payment will also be made to the vendor, e.g., a speaker fee, then set up as a DV vendor.
- b. The BSC staff member will manually enter the vendor's information in the KFS vendor e-doc and submit it for approval.
  - i. 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.
  - ii. Documentation of vendor name and address should be attached to the submission.
- c. Do not code as Foreign as Cornell has no tax reporting responsibilities for the types of transactions authorized for Refund and Reimbursements.
  - i. If the vendor is foreign, add a note to the Notes and Attachments tab indicating the vendor's foreign status and country of citizenship/incorporation.

#### 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.
  - i. A W-9 is not required for Petty Cash vendors; therefore, neither the unit nor the BSC should request a W-9 from the petty cash custodian.
- 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. Tax Office approval for this payment type must be attached to the vendor e-doc.

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- b. The BSC staff member will manually enter the vendor's information in the KFS vendor e-doc and submit it for approval.
  - i. A W-9 is not required for Special Payment vendors; therefore, neither the unit nor the BSC should request a W-9 from the vendor.

### 5. PO – Purchase Order

- a. The requisition initiator should include the vendor's contact information, including email address, on 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 two-step registration process.
- d. The information submitted in PaymentWorks will route to the vendor reviewer in Procurement for approval.

### Alternative: Manual process for creating Disbursement Voucher and Purchase Order Vendors.

If a vendor or payee refuses to complete the PaymentWorks registration process, please follow the process below:

1. Email [support@paymentworks.com](mailto:support@paymentworks.com) to cancel the invitation.
2. Be aware that social security numbers are classified as high-risk data per University Policy 5.10 Information Security.
  - a. Request that the payee/vendor submit the completed IRS form via drop box, US Mail, or secure fax. Email is not a secure method of transmission.
  - b. The scanned W-9 or W-8 form must be deleted from your hard drive after it has been attached to the vendor e-doc.
  - c. Paper copies of the W-9 or W-8 forms should be shredded when no longer needed.
3. Request the appropriate forms in compliance with CIT Sensitive Data Storage and Transmission guidelines.
  - a. Domestic or resident alien – IRS Form W-9
  - b. Foreign – IRS Form W-8, W-8BEN-E, or Certificate of Foreign Status form
  - c. Vendor information form (purchase order vendors only)
4. Attach the completed form to the appropriate vendor e-doc. **Do not e-mail W-9 or W-8 forms.**

### Compliance with IRS requirements

#### IRS Form W-9 for Domestic Payees and Vendors:

In compliance with IRS regulations, Cornell University must obtain a payee's correct taxpayer identification number and legal name as it appears on their 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 and Vendors:

The IRS forms for foreign payees can be found on the IRS website at [www.irs.gov](http://www.irs.gov). Per IRS regulations, the W-8 submitted must be the latest version that appears on the IRS website at [www.irs.gov](http://www.irs.gov); otherwise, we cannot accept it. All versions of IRS Form W-8 expire three years after being signed.

#### Required W-8 Versions

Ownership Type	IRS Form Required
Foreign individual	W-8BEN
Foreign business entity (corporation)	W-8BEN-E
Foreign non-profit or government organization	W-8EXP

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Foreign partnership	W-8IMY
Foreign person who claims his/her income is effectively connected with the conduct of trade or business in the US	W-8ECI

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

## Responsibilities for Vendor Set-up

### 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 has trouble obtaining the required documentation from the vendor.
- Determine if there is an established supplier who provides the needed good or service.
  - a. Use [Find a Supplier](#) to identify a registered supplier who has provided the needed good or service.
  - b. Check the [Preferred and Contract supplier list](#) to determine if a supplier relationship has been established for the needed good or service.
- 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 name, email address, fax number and telephone number.

### BSC Staff Members:

- The PaymentWorks vendor initiator role has been assigned to BSC staff for disbursement voucher payees as defined in Buying Manual sections 201 and 203.
- The KFS vendor initiator role has been assigned to BSC staff for disbursement voucher payees (i.e., DV, RV, RF, SP vendor types).
- BSC staff will use PaymentWorks to set-up domestic and foreign DV vendors.
- **BSC staff will not request W-9s or W-8s from vendors** unless expressly asked to do so by Procurement or if the vendor refuses to complete the PaymentWorks registration process.
- BSC staff will use the KFS vendor e-doc, i.e. the manual process, to set up Petty Cash (type RF) vendors or Refund & Reimbursement (type RV) vendors.
- BSC staff will request domestic and foreign PO vendors on the requisition. Include all contact information for the vendor – especially the vendor's name and email address.

### Procurement Services:

- Procurement and Payment Services is responsible for maintaining the KFS vendor database.
- The PaymentWorks and KFS vendor initiator roles have been assigned to Procurement staff for purchase order vendors (PO vendor type).
- Procurement will use PaymentWorks to set up all domestic and foreign PO vendors.
- If the requisition does not include sufficient information for Procurement to send the automated registration invitation to a vendor, Procurement may disapprove the unapproved purchase order.
- The vendor reviewer will review all new, updated, edited vendor documents in PaymentWorks and KFS and correct, approve, or disapprove the request.