



# Management Directive

## Commonwealth of Pennsylvania

### Governor's Office

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## Management Directive 310.28 Amended – Use of One-Time Vendor Records in SAP

Date: May 12, 2022  
By Direction of: *Greg Thall*  
Greg Thall, Secretary of the Budget

Contact Agency: Office of the Budget  
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**This directive establishes policy, responsibilities, and procedures for the use of One-Time Vendor Records in the SAP enterprise resource planning system (hereinafter referred to as "SAP"). This amendment updates definitions and policy and adds reference to the procedures available on the Bureau of Payable Services' Customer Service Portal.**

### 1. PURPOSE.

To establish policy, responsibilities, and procedures for the use of One-Time Vendor Records in SAP.

### 2. SCOPE.

This directive applies to all departments, offices, boards, commissions, and councils under the Governor's jurisdiction (hereinafter referred to as "agencies"). Agencies not under the Governor's jurisdiction are encouraged to follow this directive or establish similar policy.

### 3. OBJECTIVES.

- a. To enable payments and reimbursements to, or refunds from, individuals or entities for which a Master Record has not been created in SAP.
- b. To ensure accurate reporting to the Internal Revenue Service (IRS) of individuals or entities conducting business with the Commonwealth.

#### 4. DEFINITIONS.

- a. **Due Diligence.** A process whereby a Taxpayer Identification Number (TIN) and name combination is validated against IRS records using the IRS TIN-name matching process.
- b. **Master Database.** A central database where a unique number is assigned to each customer, Vendor, and business partner and which contains information necessary for the accounts payable and receivable and reporting functions in SAP.
- c. **Master Record.** A file or account in SAP that contains data elements including, but not limited to, name, address, email, telephone number, TIN, and banking information that pertain to a Vendor.
- d. **One-Time Vendor Record.** The set of Master Records in SAP that are not assigned to a specific Vendor.
- e. **Taxpayer Identification Number (TIN).** A nine-digit number assigned by the federal government that is used for tax filing and reporting purposes. Also referred to as the Employer Identification Number (EIN) or Federal Identification Number (FID) for various business entities or a Social Security Number (SSN) for individuals.
- f. **Vendor.** An entity to which the Commonwealth makes payments.
- g. **Vendor Number.** The unique number assigned to each registered Vendor in the Commonwealth's Master Database and assigned internally by SAP when a Master Record is created based on the TIN provided.

#### 5. POLICY.

- a. One-Time Vendor Records shall be used for the following purposes:
  - (1) Processing non-procurement or non-grant payments to Vendors with whom the Commonwealth expects to conduct business infrequently.
  - (2) Processing payment transactions that are imported into SAP through an interface that is not configured to record transactions to specific Vendor Numbers.
  - (3) Processing refunds of expenditures when a Master Record has not been established or when the payment being refunded was not recorded in SAP.
  - (4) Processing refunds of revenue.
  - (5) Processing certain legal agreements with the Commonwealth approved by the Office of Comptroller Operations (OCO) to use a One-time Vendor Record.
- b. Any Vendor that receives, or expects to receive, more than four (4) payments will require a Vendor Number.

- c. Under no circumstance shall a One-Time Vendor Record be used in a transaction with a local government or subrecipient, as defined by *Management Directive 305.21 Amended, Federal Award Payments to Local Governments and Other Subrecipients*.
- d. OCO must approve the use of any new interface that includes One-Time Vendor Records.
- e. A valid TIN and name must be entered in SAP in the correct tax 1 (social security number) or tax 2 (employer identification number) field for every transaction in which an IRS Forms 1099-eligible One-Time Vendor Record is used. OCO will ensure supervisory review and approval of transactions in which an IRS Forms 1099-eligible One-Time Vendor Record is used.
- f. One-Time Vendor Records shall not be used for payments to non-U.S.-based entities unless pre-approved by OCO.

## 6. RESPONSIBILITIES.

### a. Agencies shall:

- (1) Verify that payment requests (invoices and requests for refunds) include a valid TIN and name and that such information is included in each relevant SAP transaction in the appropriate field:
  - (a) TAX CODE 1 (for Social Security numbers); or
  - (b) TAX CODE 2 (for employer identification numbers).
- (2) Before processing a transaction using a One-Time Vendor Record:
  - (a) Verify that a Master Record does not exist;
  - (b) Verify that the payee is not a local government or other subrecipient and that the transaction is not coded to a subrecipient general ledger account;
  - (c) Evaluate the nature of the transaction to determine that the Commonwealth will not conduct business with the payee frequently (see Policy 5.b.); and
  - (d) Verify that the transaction is a refund of revenue, if applicable.
- (3) Document, and if requested, produce the appropriate form (for example, IRS Form W-9, W-8, IRS Form 147C, or an SS-4, Social Security Card) to enable the Commonwealth to meet Due Diligence requirements.
- (4) Request approval from OCO for any new interface that includes One-Time Vendor Records.
- (5) Consult OCO as needed regarding the use of One-Time Vendor Records.

**b. OCO shall:**

- (1)** Ensure supervisory review and approval of all invoice payments or refund transactions entered by OCO in which an IRS Forms 1099-eligible One-Time Vendor Record is used.
- (2)** Monitor the use of One-Time Vendor Records to determine when new Master Records should be created.
- (3)** When a Master Record does not exist and the use of a One-Time Vendor Record is not permitted, contact the Vendor, provide instruction, and assist the Vendor as needed in registering for a Vendor Number.
- (4)** Review and approve or disapprove agency requests for new interfaces that will include One-Time Vendor Records.
- (5)** Review and approve or disapprove agency requests for legal agreements that will include One-Time Vendor Records.
- (6)** Provide guidance to agencies as needed on the use of One-Time Vendor Records.

**7. PROCEDURE.**

Procedures are outlined in the [Post Using One Time Vendor Number](#) document available on the Bureau of Payable Services' Customer Service Portal and incorporated in this directive by reference.

Additional information can also be found in the following:

- a.** [List of One-Time Vendor Records](#)
- b.** [Office of the Budget Resources for Vendors](#)

**This directive replaces, in its entirety, *Management Directive 310.28 Amended*, dated March 6, 2017.**