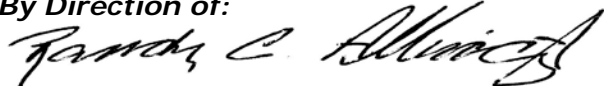


# MANAGEMENT DIRECTIVE

## Commonwealth of Pennsylvania Governor's Office

<b>Subject:</b> Use of One-Time Vendor Records in SAP	<b>Number:</b> 310.28 Amended
<b>Date:</b>  March 6, 2017	<b>By Direction of:</b>  Randy C. Albright, Secretary of the Budget
<b>Contact Agency:</b> Office of the Budget, Office of Comptroller Operations, Bureau of Payable Services, Telephone 717.425.6538	

**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 adds objectives, adds new definitions, consolidates the policy, adds clearer responsibilities, and adds new references. The list of one-time vendor records that previously appeared in the definitions is now included as an online listing and incorporated as reference material in Section 7.**

- 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, boards, commissions and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction. 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.** For the purpose of this directive, due diligence is a process whereby a taxpayer identification number (TIN) and name combination is validated against IRS records using the IRS TIN-name matching process.
- b. **Employer Identification Number (EIN).** A nine-digit number assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes. This number may sometimes be referred to as a TIN and is assigned by the IRS.
- c. **Master Record.** A file or account in SAP that contains data elements including, but not limited to, name, address, 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 and that are used only for the purposes described in section 4.d.(1) through 4.d.(4) below. View the online [List of One-Time Vendor Records](#) and [Examples of One-Time and Infrequent Payments](#) for additional insight on the types of payments and scenarios that are appropriate for the use of one-time vendor records.
  - (1) Processing 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.
- e. **Taxpayer Identification Number (TIN).** The nine-digit federal identification number assigned to a business or to an individual by the federal government. The TIN may be a Social Security number, in the case of an individual, or it may be an employer identification number for a business, trust, estate, partnership, corporation or similar entity.
- f. **Vendor.** For the purpose of this directive, a vendor is any person or entity including, but not limited to, contractors, grantees, and borrowers that receives payments from the commonwealth.
- g. **Vendor Master Database.** A central database containing the information necessary for the procurement and accounts payable functions in SAP.
- h. **Vendor Number.** A unique number assigned to each vendor when a master record is added to the vendor master database.

## 5. POLICY.

- a. One-time vendor records shall be used only as defined in section 4.d. of this directive; 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, Payments to Local Governments and Other Subrecipients*.
- b. The Office of the Budget, Office of Comptroller Operations (Comptroller Operations), must approve the use of any new interface that includes one-time vendor records.
- c. 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 a 1099-eligible one-time vendor record is used. Comptroller Operations will ensure supervisory review and approval of transactions in which a 1099-eligible one-time vendor record is used.
- d. One-time vendor records shall not be used for payments to non-U.S.-based entities unless pre-approved by Comptroller Operations.

## 6. RESPONSIBILITIES.

### a. Agencies.

- (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; 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 Comptroller Operations for any new interface that includes one-time vendor records.

- (5) Consult Comptroller Operations as needed regarding the use of one-time vendor records.

**b. Office of the Budget, Office of Comptroller Operations.**

- (1) Ensure supervisory review and approval of all invoice payment transactions in which a 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 include one-time vendor records.
- (5) Coordinate between agencies and the Office of Administration, Office for Information Technology, Bureau of Integrated Enterprise System the implementation of new interfaces to SAP.
- (6) Provide guidance to agencies as needed on the use of one-time vendor records and interfaces.
- (7) Ensure supervisory review and approval of all refund transactions in which 1099-eligible one-time vendor record is used.

**7. RELATED GUIDANCE/REFERNECES.**

- a. [List of One-Time Vendor Records](#)
- b. [Examples of One-Time and Infrequent Payments](#)
- c. [Office of the Budget Resources for Vendors](#)

**This directive replaces, in its entirety, *Management Directive 310.28, Use of One-Time Vendor Records in SAP*, dated June 16, 2006.**