


**Vendor Management Fundamentals**

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**Road Map**

- NYS Vendor File
- Vendor Registration
- Vendor Maintenance
- eCommerce Initiative
- 1099 Reporting
- Questions?



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**Goal**

Answer **ALL** of your Vendor  
Management Questions.



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### Learning Objectives

- Understand the purpose of the NYS Vendor File and the process to register vendors.
- Understand the process for vendors to maintain their vendor information.
- Understand how agencies can use eCommerce to streamline their business process.
- Understand the importance of processing vouchers correctly to facilitate 1099 reporting.



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### Vendor Management Unit

- Who we are
- What we do



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### The Vendor File

- Why a centralized vendor file is important



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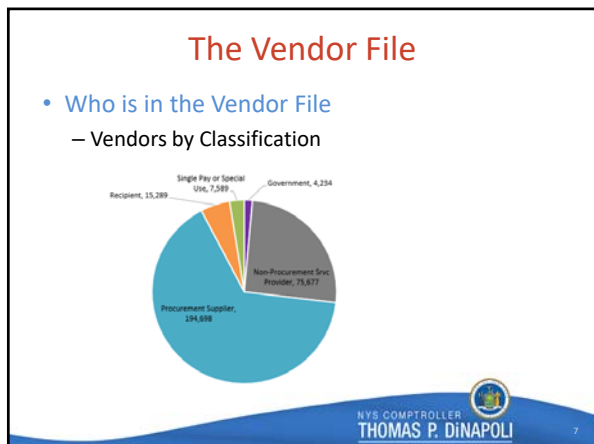
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### Vendor Classifications

- Defines the vendor’s “relationship” with the State.
- All vendors receive a classification.
  - Procurement Suppliers have default PO dispatch method of email.
    - Requires ordering email address at time of vendor registration.
  - Recipients set to ‘not open for ordering.’
    - Cannot create a PO when a vendor is ‘not open for ordering.’
- Vendors can have only ONE classification.

GFO: X.4.A.1.a Vendor Classifications

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### Vendor Classifications

Classification	Description of Classification	Open for Ordering?
Procurement Supplier	Entity/individual that provides goods and/or services which were procured by the State. (e.g., Suppliers that receive purchase orders, suppliers that have contracts, utility suppliers).	Yes
Non-Procurement Srvc Provider	Non-commercial, non-governmental entity/individual which provides services where purchase orders and contracts are not required. (e.g., Client workers, respite providers).	Yes
Recipient	Individual receiving money from the State through either an entitlement/benefit program or a settlement/award. (e.g., Blind Annuity Veterans, Gold Star Parent, Master Teacher, receivers of loan forgiveness monies, receivers of settlements or awards).	No

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## Vendor Certifications

- Vendors qualified for certain government programs.
- Certifications are maintained by the Agency or entity responsible for certifying the vendor is qualified pursuant to a specific government program.
- Vendors can have multiple certifications.

GFO: X.4.A.1.b Vendor Certifications



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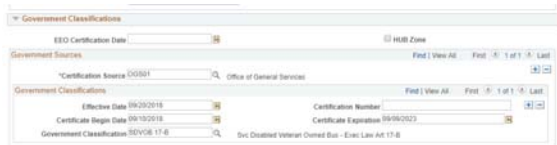
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## Vendor Certifications (Cont.)

- Found on the Identifying Information tab of the vendor record.



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## Components of the Vendor File

- Supplier Number** • Who
- Location** • How
- Address** • Where
- Contact** • Authority to Make Changes



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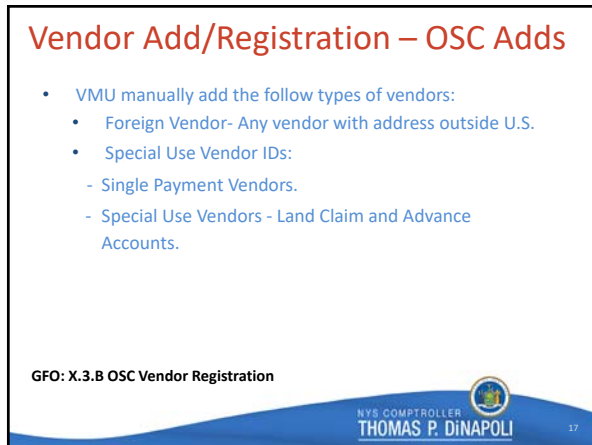
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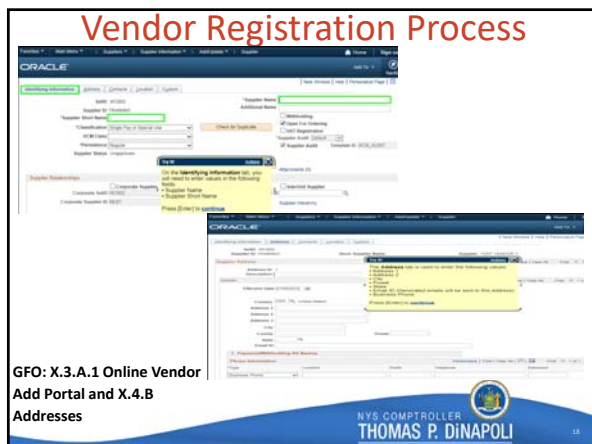
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### Primary Contact

- Must be established at Vendor Registration.
- Should be someone who can make legal and financial decisions on behalf of the vendor.
- Authorizes where the payment will be sent.
- Establishes access to the Vendor Self-Service Portal.

GFO: X.4.C Contacts




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### Vendor Registration - DBA

 A screenshot of the Oracle Supplier Information form. The "Identifying Information" tab is active. Fields include: SetID (WCS02), Supplier ID (TRANKO), Supplier Short Name ( ), Classification (Single Pay or Special Use), HCM Class ( ), Precedence (Regular), Supplier Status (Unapproved), Supplier Name ( ), Additional Name ( ), Withholding ( ), Open For Drafting (checked), VAT Registration ( ), Supplier Audit ( ), and Template ID (WCS\_AUDIT). A "Try It!" tooltip is visible, stating: "On the Identifying Information tab, you will need to enter values in the following fields: Supplier Name, Supplier Short Name."



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### Vendor Registration – Disregarded Entity

 A screenshot of the Oracle Supplier Information form for a Disregarded Entity. The "Summary" tab is active. Fields include: SetID (SHARE), Supplier ID (123456789), Supplier Short Name (PARENT-001), and Supplier Name (PARENT CO). The "1099 Reporting Information" section shows a table with columns for Entity, Address, TIN Type, and Supplier Identification Number, with one row for PARENT CO TIN. The "Payment/Withholding Alt Name" section has fields for Name 1 and Name 2. The "Withholding Alternate Name" section has fields for Withholding Name 1 (PARENT CO) and Withholding Name 2.



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## Vendor Registration – TIN Match

- IRS Validation of Vendors and the Staging Table procedures.
- Common TIN Name Failures.
- TIN Mismatch Report.
- Email sent to agency contacts containing Staging Table ID.

GFO: X.3.A.3.d Invalid TIN/Name Match



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## Vendor Add/Registration

- Opportunities for Improvement



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## New Vendor Record

- Vendor ID
- Location
- Welcome Email



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## Vendor Locations

GFO: X.4.D – Location and XII.5.D  
Selecting the Appropriate Location



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### Vendor “Locations”

- Vendors create and update their locations through the Vendor Portal.
- The location defines the vendor’s business rules – how the vendor wants to do business with New York State:
  - The email address to receive purchase orders.
  - The bank account to receive payment.
  - Payment terms.
- A vendor location **DOES NOT** mean payment method (Check vs. ACH).



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### Vendor Locations (Cont.)

- Vendors can have an unlimited number of locations.
- Vendors can set-up their locations to mirror their corporate structure or business relationship with the State. For example:
  - locations per region (Albany, Buffalo).
  - locations per business area (goods, services).
  - locations by contract.



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### Locations Description

- Agencies should use the description field to select the appropriate location.

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### Example of Vendor Locations

- Staples (100005286)- Four Locations

Location Name	Location Description	Ordering Email	Payment Method	Payment Address
MAINCHECK	MAINCHECK	SBARochesterNYS@staples.com	Check	PO Box 70242 Philadelphia, PA.
MAINEPAY	Green Cleaning PC66835	* SBARochesterNYS@staples.com	ACH	Bank Account 1
LOC02	Misc. Office Supplies PC67296	SBARochesterNYS@staples.com	ACH	Bank Account 1
LOC03	Staples Technology Contracts	solomon.massey@staples.com	ACH	Bank Account 2

\* MAINEPAY is set-up for EXD dispatch to the eMarketPlace.

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### What Location Do I Choose?

- Follow the vendor's Location description.
- Is there an electronic payment requirement?
  - Ex. OGS Centralized contract, Agency contract.
- Does the vendor have an ACH Location?
  - "I enrolled in ACH, why am I receiving a check?"
- When in doubt...

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## CONTACT THE VENDOR!

– Agency staff **should not** rely on the vendor's default location.



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## Vendor Maintenance

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## Vendor Maintenance

- Primary Contact
- Remittance Address
- Locations
- Banking

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## eCommerce Initiative



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## eCommerce Initiative

- Electronic end-to-end processing.
  - Email PO Dispatch
  - Electronic Invoicing (eInvoicing)
  - Electronic Payments (ePayments)



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## OSC eCommerce Transformation

- Our goals are to:
  - Decrease transaction processing time.
  - Decrease downstream processes (returned checks, escheatment etc.)
  - Save money.
  - Create a positive vendor experience.



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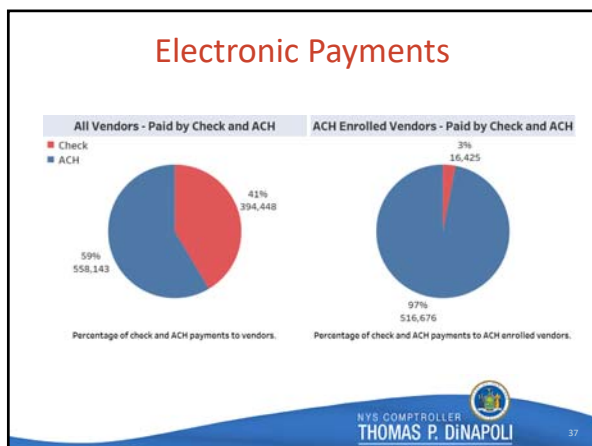
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### Electronic Payments

- Vendors can enroll and manage their email addresses in the Vendor Portal.
- All centralized contracts dated June 2014 or later contain [Appendix B](#), agencies should enforce electronic payment to vendors.
- Agency-specific contracts, property leases and contracts originating in the Grants Gateway may also require electronic payments.

Accounts Payable Advisory #44 -  
Contracts Requiring Electronic Payments

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### Electronic Invoicing

- Vendors submit invoices directly to SFS.
  - Self-service invoice (SSI) via the Vendor Portal.
    - Low volume (less than 100 invoices per year)
  - XML or EDI data exchange – (vendor system to SFS).
    - High volume (more than 100 invoices per year)
  - XML via the eMarketPlace – (SFS to eMarketPlace).
    - Vendors set-up with purchase catalogs

GFO: XII.4.E - Electronic Invoicing

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### What is an Electronic Invoice?

- An invoice submitted to the State through SFS:
  - Vendor Self-Service Portal (SSI)
  - XML or EDI Electronic Transfer
  - eMarketPlace (XML Transfer)
- An electronic invoice is **NOT**:
  - an invoice emailed to the Agency
  - an invoice entered by a State Agency into the eSettlements module.

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### 15 Day Prompt Pay

- Qualified small businesses can self-certify through the Vendor Portal and receive interest in 15 days after:
  - (1) Agency receive the good and/or service; and
  - (2) Vendor submits an electronic Invoice.
- To qualify to receive payments within, or prompt payment interest after, 15 days, a vendor must:
  - have a primary place of business in New York State
  - have a significant business presence in New York State
  - be independently owned and operated
  - not be dominant in its field
  - employ no more than 200 employees
  - submit an invoice electronically into the SFS

GFO: XII.5.1 - Prompt Payment Interest and State Finance Law, Section 179-f

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### 1099 Reporting

GFO: XII.5.K - Federally Reportable Payments

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### OSC Role in 1099 Reporting

- IRS Regulations require the State to file informational 1099 Forms to our vendors and the IRS if we make payments of \$600 or more to eligible vendors during the calendar year. The Vendor Management Unit issues the following types of 1099s:
  - 1099-MISC
  - 1099-INT (Interest payments)
  - 1099-S (Land purchases)
  - 1099-R (Pension, retirement or annuity plans)



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### 1099 Reporting

- In 2019, the VMU issued the following 1099s:
  - 1099-MISC: 38,000
  - 1099-INT: 530
  - 1099-S: 375
  - 1099-R: 10



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### Who is Responsible for 1099 Reporting?

- Agencies are responsible for accurately identifying the amount subject to 1099 reporting.
  - Withholding occurs on the line level of the voucher.
  - The agency must identify the correct box/withholding class to report the payment amount.
- Each record on the vendor file is default “Yes” for withholding.



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### 1099-MISC Withholding Class

Withholding Class	Types of Payments
1	Rental/Lease Payments
3	Client Payroll/Work for Pay Jury Payment Loan Forgiveness Prizes and Awards Settlement Payments to Claimants
6	Hospital/Medical Payments
7	Non-Employee Compensation for Services
14	Settlements payments for attorneys




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### 1099-INT

- When processing interest payments, Business Units must use the account code in order for the BSE to produce a Form 1099-INT. Business Units should leave the withholding class blank for all interest payments.




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### 1099-INT (cont.)

- Interest account codes that will generate a 1099-INT:

SFS Account Code	Title	Description
58401	Prompt Payment Interest	Interest on late payments for unjustified delays in paying vendors, and providers of service pursuant to Article 11-A of the State Finance Law.
58402	Interest on Leases, Loans and Land Claims	Interest payments related to lease purchases including Certificates of Participation, UI interest assessment payments, and land claims (eminent domain).
58403	Prompt Contracting Interest	Interest payments to not-for-profit entities when contract payments are late due to untimely delays in contract processing and in which no advance or loan was provided.
60200	Settlement Interest	Interest paid for delays as declared in claims, awards, judgments and settlement agreements.
60311	Interest – Grants on Others	Interest on late payments for unjustified delays in paying vendors, and providers of service pursuant to Article 11-A of the State Finance Law.
60740	Interest on Late Payments	Interest on late payments for unjustified delays in paying vendors, construction contractors, and providers of service pursuant to Article 11-A of the State Finance Law.




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### Payment made outside of SFS

- Agencies that make reportable payments outside the SFS (i.e., using a sole custody account), or make reportable payments within the SFS using a single payment Vendor ID, and wish to use OSC to file informational returns must provide the tax reporting information to BSE's Federal Reporting Unit.
- Please refer to Accounts Payable Bulletin #32.



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### Withholding Code Corrections

- Withholding on the voucher can not be changed after the voucher is approved and paid.
- If an agency paid a voucher with incorrect withholding information, the agency must contact the Federal Reporting Unit at [fedrep@osc.state.ny.us](mailto:fedrep@osc.state.ny.us) to request a correction.



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### Common 1099 Errors

- Incorrect withholding code reported on voucher.
- Withholding turned **off** when the payment is reportable.
- Withholding reported when payment is **not** reportable required.
- Incorrect vendor address.



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### IRS Penalties

- If New York State does not comply with the IRS regulations, the IRS will assess substantial penalties against the State. The Office of the State Comptroller will transfer these penalties to the Business Unit that did not comply with the regulations.



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### Summary

- The Vendor File is a centralized repository designed to maintain timely and reliable information on all vendors registered to do business with NYS.
- Vendors can access the Vendor Portal to maintain certain information such as bank account. Other updates, such as primary contact and remittance address must be approved by VMU.



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### Summary

- Agencies should encourage vendors to participate in our eCommerce programs and receive electronic payments when possible.
- Agencies should ensure they correctly identify withholding on vouchers to facilitate 1099 reporting.



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### Resources

- [OSC Guide to Financial Operations \(GFO\)](#)
  - Chapter X – Guide to Vendor/Customer Management
  - Chapter XII, Section 4.E - Electronic Invoicing
  - Chapter XII, Section 5.D - Selecting the Appropriate Location
  - Chapter XII, Section 5.I - Prompt Payment Interest
  - Chapter XII, Section 5.K - Federally Reportable Payments
- [Accounts Payable Advisory](#)
  - #44 – Contracts Requiring Electronic Payments
- [SFS Coach](#)
- [SFS Secure](#)



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### Who to Contact

SFS Helpdesk:


- (518) 457-7737 or 877-737-4185
- [HelpDesk@sfs.ny.gov](mailto:HelpDesk@sfs.ny.gov)

Vendor Management:

- [vmu@osc.ny.gov](mailto:vmu@osc.ny.gov)
- [vendupdate@osc.ny.gov](mailto:vendupdate@osc.ny.gov) (for vendor submitted forms e.g., primary contact change.)

1099 Reporting:

- [fedrep@osc.ny.gov](mailto:fedrep@osc.ny.gov)



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### Questions



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