

DIVISION OF ACCOUNTS AND REPORTS POLICY AND PROCEDURE MANUAL

Revision Date 10/04/04

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Filing Number 11,749

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SUBJECT

Vendor Number

PURPOSE

To inform state agencies of the requirements for obtaining and using vendor numbers and updating the vendor edit table.

AUTHORITATIVE REFERENCE

None

GENERAL INFORMATION

Introduction

Vendor numbers are used in STARS for transaction processing and in financial and tax reporting. Agencies are generally required to use vendor numbers on encumbrance and payment transactions. However, before these transactions can be processed in STARS, the vendor number to be used must be contained in the STARS Vendor Edit Table. Agencies are responsible for obtaining vendor numbers, adding them to the Vendor Edit Table, and including them, as needed, on payment, encumbrance or other documents submitted for processing in STARS.

Vendor Number and Suffix Defined

The vendor number consists of a 9-character vendor number and a 2-character vendor number suffix. The vendor number is the taxpayer identification number which is either the social security number of an individual or the employer identification number of a partnership, corporation, or sole proprietorship. The vendor number suffix is used to identify a specific mailing address for a vendor. By using the vendor number and suffix in combination, STARS can accommodate multiple mailing addresses for a specific vendor.

Vendors with multiple partners, members, or locations (for example, law firms with multiple lawyers, medical clinics with multiple doctors, or businesses with multiple locations) should be established with the entity's official name as the 00 suffix using the main office address. Additional suffixes may be used for payments to the various individuals or locations associated with the entity. This will allow the IRS

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form 1099 reporting information, if any, to be accumulated in the 00 suffix for proper completion and issuance of IRS form 1099.

Note: All payments to a vendor number, under all suffixes, will be accumulated as one amount for IRS tax purposes. The IRS form 1099 will be sent to the lowest numbered vendor suffix, usually 00.

Required Use of Vendor Numbers

Payment, encumbrance, and warrant related transactions processed in STARS generally require the use of a vendor number. The Transaction Code Decision Table defines whether or not a vendor number is required for each transaction code. To determine if a vendor number is required for a specific transaction code, agencies may request and review report DAFR8640, Transaction Code Decision Table. In addition, agencies with on-line access to STARS can determine vendor number usage requirements by accessing the Transaction Code Decision Table through screen 28 (S028) from the STARS System Management Menu. Agencies must use a vendor number when the vendor number is required on the transaction code being used. Certain payment transaction codes have been established in STARS that do not require the use of a vendor number. Use of these transaction codes require the written approval of the Director of Accounts and Reports.

Vendor Edit Table Use

The STARS Vendor Edit Table is used to record the vendor number, suffix, address, and other information for each vendor. Before transactions can be processed in STARS for a vendor, an active record for that vendor must exist in this table. Each agency is responsible for ensuring that the Vendor Edit Table contains the appropriate vendor record prior to processing transactions that require the use of a vendor number. If a vendor number and suffix does not exist in the Vendor Edit Table, the agency that needs to process transactions to that vendor is responsible for obtaining the vendor number and address and adding the vendor record to the table. Once a vendor has been added to the table, any agency may process transactions using the vendor number and suffix entered on that record. Only one record should be established for each vendor unless the vendor has more than one mailing address. In such cases, a separate record for the vendor should be entered for each mailing address needed by assigning a different value to the suffix field for each new record added.

If the vendor number you need exists in the vendor file, but has a different name or address than your records show, verify the number is correct before establishing a new suffix. If information in the current file is incorrect, please have the current suffix information updated; do not establish a new suffix if the current suffix information is incorrect. Additional suffixes are for individuals and businesses with multiple names or mailing addresses only.

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Obtaining Vendor Numbers

When conducting business with a vendor, agencies should ensure, prior to processing any transactions for that vendor, that an active record, with the correct mailing address, exists in the Vendor Edit Table for the vendor. Agencies with on-line access to the STARS Vendor Edit Table can make this determination by accessing the Vendor Edit Table through screen 2A, Vendor Sort Sequence Index, on the STARS Table Maintenance Menu. Agencies without on-line access to STARS should contact the Central Accounting Services Section for assistance. Agencies who maintain their own computerized vendor tables can also receive a magnetic tape copy of the STARS Vendor Edit Table for their internal use. (Contact the Business Process Management Team for more information concerning this feature.)

If a Vendor Edit Table record does not exist for a vendor, agencies are responsible for contacting the vendor and obtaining the needed vendor number and address. Agencies may contact the vendor by telephone, letter, or through use of form W-9, Payer's Request for Taxpayer Identification Number and Certification. Form W-9 can be obtained from the Internal Revenue Service. If the vendor does not provide its tax identification number on the initial contact, additional follow-up contacts should be made. Agencies should document all attempts to obtain the vendor number and maintain files of this information.

If a vendor fails to provide its tax identification to an agency, the agency must complete form DA-85, Affidavit of Payee's Failure to Provide Taxpayer Identification Number. (A copy of form DA-85 is attached to this filing.) A copy of the completed DA-85 should be sent to the Central Accounting Services Section where a vendor number will be assigned for STARS processing and the assigned number added to the Vendor Edit Table.

Note: If a vendor fails to provide a correct name and tax identification number, payments made to the vendor may be subject to mandatory backup tax withholdings.

Electronic Deposit of Vendor Payments

Vendors interested in having their payments electronically deposited must complete an Authorization for Electronic Deposit of Vendor Payment (DA-130) and return it to the Central Accounting Services Section for processing. *This includes state employees receiving payments for travel expenses.* We encourage the vendor to include a voided check or deposit slip with the original DA-130 form. The electronic deposit feature will be immediately available for use once that information has been added to

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the STARS vendor file. To utilize the electronic deposit feature, an “X” must be placed in the Payment Indicator Field next to the vendor information on the payment voucher.

Agencies may add electronic deposit information when they are adding a new vendor number to the vendor edit table, but the DA-130 form must be forwarded to the Central Accounting Services Section. Only Accounts and Reports personnel can make changes. To change banking information or cancel authorization for electronic deposit, another DA-130 form must be submitted with the appropriate information. A DA-130 form submitted for processing must contain the vendor’s tax ID number, name, and address, the bank’s ABA number, and the vendor’s bank account number, so processing can be completed. We encourage the vendor to include a voided check or deposit slip with the DA-130 form.

Agencies should convey to their vendors that signing and submitting a DA-130 form authorizes all state agencies to electronically deposit funds to their account. It is recommended that state travelers terminating employment with the State of Kansas (who have electronic deposit) cancel their authorization for electronic deposit to prevent unanticipated funds at a future date from being deposited electronically.

Updating the Vendor Edit Table

To maintain current information in the Vendor Edit Table, new vendor records can be added and existing records corrected as needed. Agencies may add new records to the Vendor Edit Table but only the Central Accounting Services Section is authorized to make corrections to existing records.

New Vendor Records - New vendor records should be added to the Vendor Edit Table whenever an agency does business with a vendor for which no active record exists in the Vendor Edit Table or when doing business with an existing vendor operating at an address for which no vendor record has been established. However, a new vendor record should not be created if an existing vendor record has an incorrect mailing address. In such cases, the existing record should be corrected instead. New vendor records can be added by the following methods:

1. Agencies with on-line access to the STARS Vendor Edit Table can enter new vendor records directly into the Vendor Edit Table through screen 21 on the STARS Table Maintenance Menu.
2. Agencies that do not have on-line access must complete a Vendor Edit Table Maintenance Form (TM-21), attached to this filing, for each vendor to be added. The completed TM-21 must be submitted to the Central Accounting Services Section for entry into the Vendor Edit Table. The agency should file the vendor number supporting documentation which may consist of either a copy of a written document used to obtain the tax identification number from the

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vendor (i.e. vendor's invoice, completed W-9, or letter) or the telephone number and name of the person contacted in the vendor's company if the information was obtained by telephone.

3. Agencies may also submit additions to the Vendor Edit Table on magnetic tape. (For more information about this feature, contact the Business Process Management Team.)

Vendor Record Corrections - Existing vendor records must be corrected if the mailing address for a vendor changes or if the vendor number being used is determined to be incorrect. Agencies must provide documentation to support either an address or vendor number change. The documentation to support an address change can be either written correspondence (i.e. letter, vendor invoice, form W-9) or the telephone number and name of the person contacted in the vendor's company if information is obtained by telephone. Documentation for a vendor number change must be a completed W-9 form. Once the documentation has been obtained, agencies must complete form TM-21 for each vendor record change. The completed TM-21 and supporting documentation must be sent to the Central Accounting Services Section where they will make the necessary changes to the Vendor Edit Table.

Agencies should not add a new vendor record in cases where an existing address is incorrect. The existing record should be corrected instead. In cases where a vendor number is incorrect, agencies may add a new record with the correct vendor number. However, a copy of the documentation supporting the correct vendor number must be sent to the Central Accounting Services Section so they can close the incorrect vendor number in the Vendor Edit Table and make any other needed corrections.

Reportable Payment Corrections

Payments classified under the expenditure sub-object codes that follow this paragraph are reportable to the Internal Revenue Service and the Kansas Director of Taxation on either forms W-2 or 1099. When a vendor number is changed in the Vendor Edit Table, the Central Accounting Services Section will review all transactions that were posted to the incorrect vendor number. If reportable payments were made under the incorrect vendor number, the Central Accounting Services Section will prepare a Journal Voucher to change the posting of these payments from the incorrect vendor number to the correct vendor number. Journal Voucher corrections will not be made in the case of address changes nor will correcting entries be made in the case of non-reportable payments.

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Following are the reportable expenditure sub-object codes:

Reportable Payments

Expend. Sub-

Object Code Description

2130	Employee Personal Effects In-State
2140	Employee Personal Effects Out-of State
2310	Reprographic Equipment Rental
2320	Building Space Rental
2330	Equipment Rental
2340	Land Rental
2360	Information Processing Equipment Rental
2370	Information Processing Software Rental
2390	Other Rental
2410	Passenger Car Repair and Service
2420	Other Self-Propelled Equipment Repair and Service
2430	Machinery, Equipment (Except Self-Propelled), Furniture and Fixtures Repair and Service
2440	Buildings and Grounds Repair and Service
2450	Highway and Bridge Repair and Service (Agencies 276, 710)
2470	Information Processing Equipment Repair and Service: See expenditure sub- object codes 2360, 4130, 4160 and 4660 for types of equipment
2480	Information Processing Equipment Software Maintenance and Service: See expenditure sub-object codes 2370 and 4180 for types of software.
2490	Other Repair and Service: Not otherwise classified
2620	Honorariums
2632	Computer Programming and Data Processing
2633	Database Access Fees - Vendors
2640	Recording Fees, Servicing Costs
2650	Laboratory Fees
2670	Boarding Home Payments (Care of Wards)

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2680	Maintenance and Tuition for Rehabilitation Clients
2690	Other Fees
2700	Administrative Services
2710	Architects and Engineers
2720	Attorneys and Lawyers
<i>Expend. Sub- Object Code</i>	<i>Description</i>
2730	Physicians and Medical Associations
2740	Hospitals and Nursing Homes
2750	Advertising Agencies
2760	Veterinarians
2770	Lecturers, Speakers, and Entertainers
2780	Accountants and Auditors
2790	Other Professional Fees
2791	Information Systems Consulting Workers Compensation Claims
2920	Laundry, Dry Cleaning and Towel service
2950	Rewards, Premiums, and Bounties (Non-Employee)
2980	Employee Awards (Non-Cash)
4250	Buildings and Grounds – Building Improvements – capital/inventory
4259	Buildings and Grounds – Building Improvements – capital/non-inventory
4270	Architects and Engineers – Buildings & Improvements – capital/inventory
4279	Architects and Engineers – Buildings & Improvements – capital/non-inventory
4280	Other Professional Fees – Buildings & Improvements – capital/inventory
4289	Other Professional Fees – Buildings & Improvements – capital/non-inventory
4450	Buildings & Grounds – Land Improvements – capital/inventory
4459	Buildings & Grounds – Land Improvements – capital/non-inventory

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4470	Architects and Engineers – Land – capital/inventory
4479	Architects and Engineers – Land – capital/non-inventory
4480	Other Professional Fees – Land – capital/inventory
4489	Other Professional Fees – Land – capital/non-inventory

*Expend. Sub-
Object Code Description*

5204	Interest Income on Unclaimed Property
5205	Dividend Income on Unclaimed Property
5206	Royalty Income on Unclaimed Property
5241	Workers Compensation Claims
5270	Civil Rights Conciliation Claims
5271	Gross Proceeds Payments to Attorneys, Civil Rights Conciliation Claims
5280	Prompt Payment Act Interest Penalties
5291	Gross Proceeds Payments to Attorneys for Other Claims
5292	Non-Wage Payments
5510	Direct State Welfare Assistance
5512	Direct State Welfare Assistance - Debt Setoff - IRS Reportable
5513	Direct State Welfare Assistance - No Debt Setoff - IRS Reportable
5515	State Welfare Assistance - Rent, Setoff, IRS Reportable
5516	State Welfare Assistance - Medical and Health Pay, IRS Reportable
5520	Direct Federal Welfare Assistance
5522	Direct Federal Welfare Assistance - Debt Setoff - IRS Reportable
5523	Direct Federal Welfare Assistance - No Debt Setoff - IRS Reportable
5525	Federal Welfare Assistance - Rent, Setoff, IRS Reportable
5526	Federal Welfare Assistance - Medical and Health Pay, Setoff, IRS Reportable
5527	Federal Welfare Assistance Participation Fee - Setoff, IRS Reportable
5591	Other Special Grants-IRS Reportable
5596	Other Special Grants-IRS Reportable Medical & Health Payments
5920	Royalty Payments
5940	Kansas Breeding Development Supplements

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5950 Interest Income on Application Deposit Refund
5980 Agricultural Conservation Program Payments

The IRS reportable determination for expenditure object codes is found in the STARS descriptor table D10. If the thirteenth character of the Reference Data field is "N" the object code is non-reportable.

PROCEDURES

Obtaining Vendor Numbers

Responsibility

Action

State Agency

1. Determine if an active record with the appropriate vendor number and suffix exists in the Vendor Edit Table. If a record exists, the vendor number and suffix may be used as needed.
 - a. Agencies with on-line access can use screen 2A or 2N to make this determination.
 - b. Agencies without on-line access can contact the Central Accounting Services Section at 785-296-7917 for help.
2. Contact the vendor and request the vendor's taxpayer identification number and mailing address. If the vendor does not provide the requested information, make a follow-up contact. Document and file each request made. If the follow-up contact fails to obtain the requested information, go to step 4.
3. When requested information is received from the vendor, add the vendor to the Vendor Edit Table.
 - a. Agencies with on-line access should enter the vendor record directly to the Vendor Edit Table through screen 21 and then file the documentation received from the vendor. If the address cannot be added, according to the zip+4 program attached to STARS, the address can be confirmed for correctness through the post

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<i>Responsibility</i>	<i>Action</i>
	office data base on the Internet at http://www.usps.gov/ncsc for those agencies with Internet access. For all other agencies, call the Central Accounting Services Section for help and/or call the vendor for a more accurate address.
	b. Agencies without on-line access, complete form TM-21 and send to the Central Accounting Services Section. They will add the vendor to the Vendor Edit Table and return the TM-21 to the agency where it should be filed.
	4. If the vendor does not provide a taxpayer identification number, complete form DA-85 and send to the Central Accounting Services Section.
Central Accounting Services Section	5. Assigns a vendor number for STARS processing purposes, adds a record to the Vendor Edit Table, and notifies the agency of the vendor number to be used, and files the DA-85.

Correcting Vendor Table

<i>Responsibility</i>	<i>Action</i>
State Agency	1. Upon determining that a vendor address or taxpayer identification number is incorrect, contacts the vendor to obtain and document the correct information. a. Documentation to support an address change can be either written correspondence (i.e. letter, vendor invoice, form W-9) or the telephone number and name of the person contacted in the vendor's company if information is obtained by telephone. b. Documentation for a vendor number change must be a completed W-9 form.
	2. Completes form TM-21 for the change in vendor address or taxpayer identification number.

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<i>Responsibility</i>	<i>Action</i>
	3. Submits a copy of the completed TM-21 and documentation supporting the change to the Central Accounting Services Section. Files copy of TM-21 and supporting documentation.
Central Accounting Services Section	4. Updates the Vendor Edit Table as required. Files TM-21 and supporting documentation. 5. If a vendor number is changed, reviews transactions that posted to the incorrect vendor number. If reportable payments had been made to the vendor, prepares a Journal Voucher to post the payments to the correct vendor.

CONTACT SOURCES

Questions regarding obtaining and using vendor numbers or updating the Vendor Edit Table should be directed to:

Division of Accounts and Reports
Central Accounting Services Section
Audit Services Team

Questions about updating the Vendor Edit Table via magnetic tape or receiving a magnetic tape copy of the Vendor Edit Table should be directed to:

Division of Accounts and Reports
Payroll Services
Customer Services Team