



Vendor Setup and Maintenance Policy

PURPOSE

The purpose of this policy and procedures document is to establish the responsibilities and authorizations for completing and accurately maintaining the vendor master file ("VMF") at Eau Claire County.

SCOPE

This policy applies to all spending activities processed by accounting related to purchasing goods or services as well as operating expenses. A new vendor request is not required for:

- Employees, interns and County Board Supervisors or Committee members reimbursement for items such as travel, meals, supplies, and safety equipment
- Jurors , Witness fees, tax refunds, overpayments on services (DHS)
- Restitution from DA/Courts/Juvenile and DHS
- Payroll

POLICY

Access and Approval Authority

Access to the VMF indirectly provides access to the company's cash funds and, therefore, all new vendor setups or changes to vendor profiles must be approved by authorized employees of Eau Claire County prior to entry into the VMF within (System). Access to add and modify vendors in the VMF is limited to authorized Purchasing personnel.

Payment Terms

Eau Claire County terms indicated on the purchase order or the agreement dictate how disbursements for each vendor will be handled in payment processing.

Maintenance

VMF maintenance is performed by authorized Purchasing personnel on a periodic basis. Accurate maintenance of the VMF is important to manage the following risks:

- Procure-to-pay fraud
- Non-compliance with government regulations
- Duplicate payment errors

Authorizations

The following management level personnel have authorization to approve the setup of a new vendor:

- Director of Purchasing and Central Services
- Purchasing staff - Purchasing Specialist and Administrative Specialist III

ROLES & RESPONSIBILITIES

- All departments requesting the setup of a new vendor must complete a Vendor Request/Change Form [available on the County Extranet] and forward the form as an email attachment with the required information to the appropriate signatory authority (your supervisor or department head) and then to the Purchasing Department. Requests for new vendor setup relating to purchasing of goods or services should be initiated by the department that is obtaining the goods or services. If the Purchasing Department is requesting the setup of a new vendor, the Finance Director or County Administrator must approve the form.
- Forward the approved “form”, W9 to: VendorApproval@co.eau-claire.wi.us.
- All employees requesting a change to the vendor profile must submit the changes on the Vendor Request/Change Form [available on the County Extranet] and forward the form to the appropriate signatory authority and then to the Purchasing Department. The Director of Purchasing is responsible for the overall implementation of the county’s policies and procedures specifically directed to the setup, maintenance, approval access and accuracy of the VMF for this policy.

PROCEDURES

New Vendor Setup

The “form” must be completed for each new vendor added to the county Vendor Master File (VMF). It requests important information about the vendor to ensure accurate, timely payment and reporting data. Any vendor invoice submitted for payment that does not correspond to an existing vendor or is not accompanied with a “form” will not be processed for payment. The individual originating the purchase will be contacted to obtain additional information.

- The department requesting to setup a new vendor must complete the form or have the form completed by the vendor. It is up to the department to contact the vendor to obtain any information needed for completion of the form that is not already known. The form is located on the Extranet.
 - REMEMBER to REQUEST, OBTAIN and ATTACH a W9 and the W9 includes:
 - Taxpayer identification number or Social Security Number*
 - IRS Form W-9 on file
 - Type of legal entity
- * **NOTE:** Due to the sensitivity of the information, appropriate measures need to be taken regarding the security of the information such as such as W9’s and social security numbers.
 - The payment of an invoice for goods and transportation services purchased is generally processed under the standard 30-day terms; however, if the vendor has a discount program and the analysis of the purchases in the program provides an adequate savings, then the terms should be set to take advantage of such discounts.
- The requester completes the “form” and sends it via email to an authorized signatory for approval with the W9.
- Upon approval the completed “form” from is sent electronically via email from the approver along with the required W9.
- Purchasing staff performs a search to verify the vendor is not already setup in the VMF.
- Purchasing staff performs a review of the request for new vendor and if approved, enters the new vendor into the VMF.

Naming Convention

The vendor code is the assigned system name for identifying each new vendor in the VMF. The naming convention should be based on a meaningful set of criteria to easily identify the vendor for all personnel who access data about the vendor. The vendor code naming convention for the county is as follows:

Punctuation

- Start by excluding abbreviations or punctuation, eliminating honorifics (e.g., "Mr", "Mrs", "Dr", etc.), and storing information in UPPERCASE.
- If the name includes CORP, INC, PC, LLC or LLP, include that in the name when you set up the vendor.
- Avoid using periods (.), commas (,) or other special characters within a vendor's name. Use one space after each initial (e.g., JOHN J JONES, J J JONES INC). Use of commas (,) for individuals with LAST, FIRST name format is acceptable.
- Avoid using apostrophes in vendor names or in abbreviations of words in vendor names (e.g., READERS DIGEST ASSOC rather than READER'S DIGEST ASSOCIATION or NATL rather than NAT'L as an abbreviation for NATIONAL).
- Use ampersand (&) or AND if this is the vendor's name as known (e.g., JONES AND SMITH or AT&T)
- Dashes (-) shall be used with no additional spacing for vendor or hyphenated last names of individuals, (e.g., MCGRAW - HILL to be entered as MCGRAW-HILL).

Abbreviations

- Avoid abbreviations or be consistent in their use (e.g., PITNEY BOWES CREDIT CORPORATION could become PITNEY BOWES CREDIT CORP, PBCC).
 - If abbreviations are used, a short table of allowable abbreviations should be prepared and provided to people who are authorized to add vendors as well as to people who have to find vendors based on name.
 - Vendor names beginning with a number, (e.g., 3 COM, 3M) should be entered as specified. However, names that begin with a year (e.g., 1999 US OPEN) that are likely to be used again another year should be set up without the year prefix.
- Purchasing staff verifies the taxpayer identification number of all new vendors by using the IRS website and updates the VMF with the appropriate identification number, if appropriate.

The Purchasing staff files all approved NVIF's electronically.

Vendor Changes

The Vendor Request/Change form is used when an existing vendor requires a change to its profile that needs to be updated in the VMF. Revisions to the VMF must be documented and approved by the appropriate authorized personnel. Any vendor invoice submitted for payment with information that does not match an existing vendor or is not accompanied with a Vendor Request/Change form will not be processed for payment. The individual originating the purchase will be contacted to obtain the additional information.

- The employee requesting a change to a vendor profile must complete the Vendor Request/Change form located on extranet.
- The completed form is submitted to an authorized signatory for approval (a supervisor) then forwarded to Purchasing.
- Purchasing staff reviews the revisions and if approved enters the updated vendor information into the VMF. If changes need to be made to the vendor name, then the naming convention outlined in this policy should be followed.

- Purchasing staff electronically files all approved forms checked “Vendor Change”.

Vendor Maintenance

Quarterly Maintenance

- On a quarterly basis, the Purchasing runs a report of all new vendors added and any changes made to existing vendors in the VMF. The report should list every field in the VMF. With the report, the Purchasing Department:
 - Verifies that all vendor information is complete, especially taxpayer identification numbers.
 - Verifies that all new additions to the VMF were created by appropriate Purchasing staff.

Annual Maintenance

- On an annual basis, the Purchasing Department runs a report of all records in the VMF and reviews for inactive accounts, file formatting issues and accurate taxpayer identification numbers.
 - **Inactive Accounts** – Payment history should be analyzed to determine when a transaction was last processed for each vendor.
 - After 24 months of no activity, vendors should be tagged as inactive in the system.
 - **File Formatting Issues** – For active vendors, the following items should be reviewed to ensure:
 - Naming convention is consistent and accurate.
 - VMF fields are used appropriately (e.g., the taxpayer identification number is not used as the address field).
 - **Accurate Taxpayer Identification Numbers** – Run a report of all active vendors added in the last year.
 - Go to the www.irs.gov website and click on the link for e-services.
 - Use the IRS website to verify the taxpayer identification number of all the new vendors.
 - Contact vendors if their taxpayer identification numbers are incorrect and update the VMF with the correct information.
 - On an annual basis, the Purchasing department staff should perform forensic testing procedures by comparing addresses, bank account numbers, phone numbers, etc. of employees to vendors, which could detect potential fraud. Check for duplicate vendor records; all duplicates that are suspicious or not currently used are flagged as “inactive” by selecting “block all transactions”. To identify duplicates, the report is sorted and reviewed by:
 - Vendor name
 - Vendor address
 - Taxpayer identification number