

# Adding Suppliers

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## Scope

This procedure covers adding new suppliers to the database.

## Policy

### Supplier information in the database

- is maintained for only 24 months beyond the date of the supplier's last activity with the Company
- for 1099's is maintained for seven years
- is exclusively maintained by authorized individuals within Accounts Payables.

Individuals entering and maintaining supplier information cannot approve PO's and/or process vouchers.

Persons entering supplier information must adhere to the defined Supplier Naming Convention standards. Refer to *Standard Accounts Payable Naming Conventions [../FND/@REF4504Y]*.

Persons entering supplier information must adhere to the *Procure to Pay Matrix [../FND/@REF4506Y]* when determining supplier types, requisition and PO requirements and invoice matching rules.

Suppliers Report is reviewed weekly and reconciled to Supplier Maintenance Forms received and filed.

### A *Supplier Maintenance Form [../FND/@FOR3502Y]*

- is required for all updates to supplier information in the database
- must be retained for a period of two years
- requires the necessary approval signatures, including the Requestor or Requestor's Manager, as well as either the Buyer or Purchasing Manager.
- persons entering supplier information must adhere to the defined Supplier Naming Convention standards

### The Company's **standard payment terms**

- are established by the Director of Treasury Operations

- can be changed only with the appropriate approvals, including the Director of Treasury Operations
- always take precedence over the terms reflected on the supplier's invoice

The Director of Treasury Operations or above must approve all payment terms change requests that are unfavorable to the Company prior to entry into the system.

**IRS 1099-MISC** forms (1099s) are required for certain payments to individuals, partnerships, and corporations, specifically

- approved independent contractors
- royalty payments (of \$10 or more)
- rent payments
- prize or award payments
- non-employee compensation
- medical payments
- certain corporations including attorneys
- payments to Board of Directors

**Payments** for which a W-9 form is not required include

- most payments to corporations (refer to the latest IRS codes for exceptions)
- payments for merchandise
- travel allowances paid to employees

All new suppliers are placed on hold until they are approved and documentation has been received by AP.

Payment method definitions include the following

- EFT = ACH to vendor/employee
- Wire = Wire transfer
- Check = checks in payment batches and QuickChecks.

## **Responsibility**

The **AP Accountant** (**AP Senior** serves as backup) is responsible for

- updating the supplier database with pay site information and purchase order site information, following the standard naming convention
- ensuring the accuracy of the supplier database
- obtaining all 1099 information (**AP Senior** will also assist with this effort)
- weekly review and follow up on missing 1099 information

The **AP Specialist** is responsible for

- reconciliation and filing of newly defined Suppliers and Supplier Sites identified on the Suppliers Report to the Supplier Maintenance Form.

The **Director of Treasury Operations** is responsible for

- establishing and communicating standard supplier payment terms
- approving all changes and exceptions to the standard payment terms

## **Distribution**

AP Accountant\*

AP Manager\*

AP Senior\*

AP Specialist\*

AP Supervisor

Director Treasury Operations\*

Buyer\*

Purchasing Manager

Requisitioner

## **Ownership**

The Payables Manager [xxx@yourcompany.com?Subject=PRO1506Y Adding Suppliers] is responsible for ensuring that this document is necessary and reflects actual practice.

## Activity Preface

This activity is performed whenever a new supplier needs to be added to the database.

The request will be documented on a Supplier Maintenance Form and will be submitted by the Purchasing Department or the Accounts Payable Department.

The job title **Requester** refers to one of the following:

- AP Specialist
- AP Manager
- Requisitioner
- Buyer
- Purchasing Manager

### Requester

1. Complete a Supplier Maintenance Form.

- Verify that the paperwork is complete. The following must be completed on the Supplier Maintenance form:
  - Complete name of supplier (no acronyms)
  - Purchase Address
  - Remittance address
  - Phone number
  - Contact Name
  - Contact phone number
  - Pay site (if for non-purchasing supplier – employee, other)
  - Supplier fax number (**mandatory** if a PO supplier)
  - Tax information (FEIN or SS#)
  - E-mail contact information
  - Type of Supplier
  - Spend Amount
  - Reason for New Supplier or Supplier Site
  - Completed W-9 form

**Note:** Suppliers will be placed on hold and no payments made without a completed W-9 form.

- Obtain the proper approval(s) for the supplier add/change

2. Forward the Supplier Maintenance Form to Accounts Payable.

- Follow-up with a phone call for emergency requests
- Include all supporting documentation

## AP Accountant

3. Review the Supplier Maintenance Form – perform an inquiry within Oracle to determine if the supplier and site already exists.

Oracle Payables

N > Suppliers > Inquiry

Find Suppliers

Refer to the following

- [Viewing Suppliers \[../AP/@NAV2504Y\]](#)
- [Finding Suppliers \[../AP/@t\\_supfind\]](#)

**If supplier exists, goto task #4. Otherwise, goto task #5.**

4. Notify the Requester that the supplier already exists within the system.

Refer to [Changing Supplier Data \[../FND/@PRO1508Y\]](#)

**End of activity.**

5. Review Supplier Maintenance Form for completeness.

**If required information is missing, goto task #6. Otherwise, goto task #7.**

6. Return the Supplier Maintenance Form to the Requester and request that they provide any necessary updates.

**Goto task #1**

7. Verify the supplier's federal Taxpayer Identification Number (TIN) status.

- Determine whether the Company is required to issue a W-9 form on payments to the supplier.

Refer to company policies regarding W-9 requirements and to the current IRS codes.

Check whether the supplier has provided a complete W-9 indicating, a TIN, EIN or Social Security Number.

If the supplier has not provided the required information, the supplier information will be entered and the supplier will be placed on a 'Supplier Hold' - see steps below.

8. Complete the Supplier Maintenance Form including the required information.
  - Enter W-9 information
    - Income Tax Type
    - Partnership, Corporation or Individual
  - Pay Group

**If supplier has requested non-standard pay terms (unfavorable to Company), goto task #9. Otherwise, goto task #12.**

9. Forward the Supplier Maintenance Form to the Director Treasury Operations.

## Director Treasury Operations

10. Evaluate the request for the change in payment terms.
  - Renegotiate the terms with the Requester or directly with the supplier, as needed.
  - Record comments and final decision on the form.
  - Sign and date the form.

Do not sign the form until payment terms have been resolved.

11. Return the Supplier Maintenance Form to the AP Accountant.

## AP Accountant

12. Determine if the new supplier is an employee.

**If supplier is an employee, goto task #13. Otherwise, goto task #14.**

13. Lookup employee information.

Oracle Payables  
N > Employees > View Employees  
Enter Person

Refer to *Viewing Person Information [../PER/@t viewemp]*

**Note:** Employees will only be paid out of AP for reimbursable expenses. All other others will go to Human Resources.

**Goto task #17**

## AP Accountant

14. Add the supplier / supplier site to the database.

Oracle Payables

N > Suppliers > Entry

Suppliers

Refer to the following

- [Add Supplier / Supplier Site Information \[../FND/@NAV2506Y\]](#)
- [Entering Suppliers \[../AP/@t\\_supplier\]](#)
- [Adding a New Supplier Site \[../AP/@t\\_supsite\\_new\]](#)
- [Standard Accounts Payable Naming Conventions \[../FND/@REF4504Y\]](#)
- [Procure to Pay Matrix \[../FND/@REF4506Y\]](#)

15. Determine if supplier should be placed on hold due to missing 1099 or W-9 information.

**If supplier should be placed on hold, goto task #16. Otherwise, goto task #19.**

## AP Accountant

16. Place the supplier on hold.

Oracle Payables

N > Suppliers > Entry

Suppliers

Refer to [Place Supplier on Hold \[../FND/@NAV2508Y\]](#)

**Note:** Enter comments identifying reason for the hold (e.g., Missing 1099 information)

17. Contact supplier to obtain the necessary information.
18. Retain the supplier maintenance documentation in the supplier maintenance pending file.

The form will remain in the file until the supplier's W-9 information is provided.

Follow up on missing W-9 information weekly.

**End of activity.**

**Goto [Clearing Supplier Payment Holds \[../FND/@PRO1510Y\]](#).**

19. Provide Supplier Maintenance Form to AP Senior for independent review against information entered into Oracle.

## AP Senior

20. Optionally, run Supplier Report to verify entry of supplier information is correct.

Oracle Payables

N > Other > Requests > Run

Submit Request

Refer to the following

- *Run Oracle Payables Reports and Programs [../FND/@NAV2599Y]*
- *New Supplier/New Supplier Site Listing [../AP/@r\_newsup]*

**If errors, goto task #21. Otherwise, goto task #22.**

21. Provide Supplier Maintenance Form back to AP Accountant and communicate missing information or errors.

Refer to *Changing Supplier Data [../FND/@PRO1508Y]*

22. Provide Supplier Maintenance Form to AP Specialist with W-9.

## AP Specialist

23. Run Suppliers Report, as necessary.

Oracle Payables

N > Other > Requests > Run

Submit Request

- This report is run weekly (entering the appropriate From and To Dates) to verify a Supplier Maintenance Form exists for all newly defined or modified suppliers.
  - Communicate issues/questions to Supervisor.
24. File the Supplier Maintenance Form and all supporting documentation alphabetically.
    - Sign and date the Supplier Maintenance form.
    - File the W-9 information away from the user community

## AP Accountant

25. Run the Employee Update Program, as necessary.

Oracle Payables

N > Other > Requests > Run

B > OK

Submit Request

Refer to *Employee Update Program [../AP/@p\_empupdate]*

This program is schedule to automatically run nightly.

**End of activity.**

**Goto *Changing Supplier Data [../FND/@PRO1508Y]*, as needed.**

**Goto *Clearing Supplier Payment Holds [../FND/@PRO1510Y]*, as needed.**





