

System-wide Policy: FI0500 - Creating and/or Modifying Vendor Information	
Version: 2	Effective Date: 10/02/2018

FI0500 – Creating and/or Modifying Vendor Information

Topics:

General Policy	Modifying Existing Vendor Information
Exceptions	Employee versus Independent Contractor
Creating Domestic Vendors	Method of Payment
Creating Foreign Vendors	Forms

Objective:

To ensure compliance with IRS regulations, prevent duplicate vendors and provide university departments with information needed to establish a new vendor or update information related to an existing vendor.

Policy:

General Policy

1. The Treasurer's Office is responsible for creating all new vendors and maintaining the existing vendor database in IRIS.
2. This policy applies to vendors created in IRIS.

Exceptions

3. A vendor must be created in accordance with this policy before any payment will be processed in IRIS with the following **exceptions**:
 - A. Refunds
 - B. Payments to human subjects and/or clinical trial participants when the aggregate amount paid for the calendar year is not expected to exceed \$600

System-wide Policy: FI0500 - Creating and/or Modifying Vendor Information	
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- C. Payees receiving travel reimbursements, including reimbursements for guests and contractors
- D. Payments to employees should be processed through Payroll with the exception of royalty payments and clinical trial payments. Royalty payments require the creation of a vendor number. Clinical trials payments only require the creation of a vendor number, if they are expected to exceed \$600 in a calendar year. Other payments to employees as a vendor must be approved by the System Finance Office.
- E. Payments to University of Tennessee students that are considered academic in nature. These should be processed through campus financial aid departments.
[FI0535 - Student Payments \(Non-Employment Related\)](#).

Creating Domestic Vendors

- 4. Departments/Campuses are responsible for initiating the vendor request transaction in IRIS (ZXX1 – Create Vendor Request) to create any domestic vendor. The campus/unit business offices are responsible for determining who will initiate this transaction for their area. Training material for completing this transaction is located on the [System's Accounts Payable Website](#). This should be consulted if you have questions completing this transaction in IRIS. Before initiating this transactions the following must occur:
 - A. IRIS transaction XK03 – Display Vendor - must be used to ensure that the vendor doesn't currently exist in IRIS.
 - B. The following documents must be completed, scanned and attached separately in IRIS to the vendor request transaction:
 - i. [IRS form W-9](#)
 - ii. [The "Worker Classification Questionnaire" \(For individuals or sole proprietors only\)](#)
 - iii. [The Vendor Payment Selection Form](#)
 - iv. [Business Classification Form](#)
 - C. If the vendor is a current UT student or expected to be a student during the next semester, written permission to process the payment through accounts payable must be obtained from the applicable financial aid office.

System-wide Policy: FI0500 - Creating and/or Modifying Vendor Information	
Version: 2	Effective Date: 10/02/2018

5. Once the necessary information is attached in IRIS and the transaction is submitted, it will be reviewed by the System Accounts Payable Office. The request will either be rejected or approved and notification will be sent via the requestors IRIS in-box. If rejected, instructions for correcting the request or the reason for the rejection will be provided.

Creating Foreign Vendors

6. The Treasurer's Office is responsible for establishing all foreign vendors in IRIS. One of the documents described in A, B, or C must be completed from the list below. This document along with the Vendor Payment Selection Form (D) must be submitted to the Treasurer's Office at AP_vendor@tennessee.edu for processing.
 - A. If the services were performed outside of the U.S. or online, the vendor must complete the university's "[Statement for Services Performed Outside of the USA](#)" form.
 - B. Individuals performing services or selling goods in the U.S. must complete the "[Non-Citizen Independent Contractor/Guest Traveler Payment Form](#)" and attach all of the required documentation referenced on this form.
 - C. Foreign companies and governments performing services or selling goods in the U.S. must complete the applicable W-8 form along with all required documentation. Links to these forms and additional information related to these requirements is located at <http://acctspayable.tennessee.edu/w9/foreignvendorinfo.html>
 - D. [The Vendor Payment Selection Form](#) must also be completed. The University does not process domestic wire payments. International wire payments will require additional verification by the System Accounts Payable office.

Modifying Existing Vendor Information

7. Any changes that need to be made to an existing vendor record must be submitted through the [Vendor Payment Change Request](#) form along with other required documents.

System-wide Policy: FI0500 - Creating and/or Modifying Vendor Information	
Version: 2	Effective Date: 10/02/2018

Employee versus Independent Contractor

8. As noted in [FI0540 - Independent Contractors](#), departments are responsible for determining and documenting that an individual performing work for the university is correctly classified as either an independent contractor or an employee. Therefore, a “[Worker Classification Questionnaire](#)” must be attached to the vendor request transaction for all vendors who are individuals or sole proprietors. **As noted in [FI0540 - Independent Contractors](#), the questionnaire should be completed before any work is performed. This enables the university to properly process payments to this individual.**

Method of Payments

9. The following payment methods and terms are available to University vendors.
- A. **E-Payables** – This is the university’s preferred method of payment. The vendor must be equipped to process credit card payments. Once an invoice(s) is approved for payment, the university’s bank will send a secure e-mail to the vendor authorizing the vendor to process the exact amount of the invoice(s) on a one-time use card. The terms for E-Payables are net and the vendor will be able to process these payments as soon as the vendor’s invoices are approved in accordance with policy.
 - B. **Direct Deposit (ACH)** – If the vendor is unable or unwilling to accept E-payables as a method of payment, the university prefers to pay the vendor via an electronic payment directly into the vendor’s bank account. To process payments in this manner, the vendor’s banking information is required and the vendor must provide written authorization to the university to process ACH transactions. The payment terms for this method of payment are net 30 unless a purchase order or contracts specifies differently.
 - C. **Check** – This is the most expensive method for the university to pay vendors and will only be permitted in special circumstances and requires approval from the Treasurer’s Office. The payment terms for this method are net 40.

System-wide Policy: FI0500 - Creating and/or Modifying Vendor Information	
Version: 2	Effective Date: 10/02/2018

- D. **Wire Transfer** – Wire transfers will only be processed for international vendors. This is a manual and very expensive manner to process payments. All fees associated with these payments including an administrative fee will be charged to the department making this request. These payments will also require additional verification before being approved. Any exceptions will require advance approval by the Treasurer or designee.

The vendor should select the method of payment through the Vendor Payment Selection Form. After the vendor record is created or updated, departments should destroy this form. As noted on the form, the vendor can only select E-Payables or direct deposit, which are the preferred methods of payment. Request for checks or wire transfers must be submitted directly to the Treasurer's Office and are discouraged since these are the most expensive payment processes.

FOR MORE INFORMATION:

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Forms

- [Vendor Payment Selection Form](#)
- [IRS Form W-9](#)
- [Business Classification Form](#)
- [IRS Form W-8BEN – Foreign Company / Individual](#)
- [IRS Form W-8EXP – Foreign Government](#)
- [IRS Form W-8ECI – Income connected with a business in the U.S. \(requires a U.S. Taxpayer ID\)](#)
- [IRS Form W-8-BEN-E](#)
- [Workers Classification Questionnaire](#)
- [Non-Citizen Independent Contractor/Guest Traveler Payment Form](#)
- [Statement for Services Performed Outside of the USA](#)

[FI0535 - Student Payments \(Non-Employment Related\)](#)