



PURPOSE

This Vendor Verification Process will provide a framework to guide Procurement and Accounting on the selection of new vendors.

PROCUREMENT DEPARTMENT RESPONSIBILITIES

Procurement will follow the check list below before submitting a new vendor request to the Accounting Department to be processed:

1. All new vendors (individuals, LLCs, Corporations, etc.) will submit a current W-9 prior to providing work for AURA. PO Boxes are not considered a permanent address. Any of those types of W-9s will be returned to Procurement so they can contact the vendor for a corrected W-9.
2. If a new foreign vendor is providing U.S. sourced income services (personal services that are performed in the U.S.), he/she will be required to fill out a W-8 Form. Examples of personal services as defined by the IRS include Honorariums or Foreign National Employees (FNE) living in Chile (FNE are usually run through payroll).
3. Compliance Screening and Reporting will be completed by the Procurement Department who uses a third-party vendor to confirm compliance (Amber Road Powering Global Trade 24/7 monitoring).
4. Procurement will collect the current Certificate of Liability Insurance for all new vendors.
5. Procurement will collect the new vendor ACH Form if the vendor is requesting electronic fund payment. The Accounting Department will process this form.
6. Once all the above steps have been completed, the vendor package will be submitted electronically to new vendor group email to be reviewed and processed.

ACCOUNTING DEPARTMENT RESPONSIBILITIES

The Accounting Department is responsible for managing existing vendors. Once a new vendor is approved to be processed, the handoff and management of the vendor is as follows:

1. The Procurement Department Contract Officer or Buyer will submit the complete vendor verification package electronically to the vendor group email [New Vendor/Supplier Request](#).
2. The Accounting Department will complete TIN Matching Services within 24 hours. The verification process with the IRS will ensure all vendors have valid tax identification numbers. If the number does not match, Procurement will be notified immediately. A new vendor identification account code will not be approved by the Accounting Department until the number has been confirmed valid by the IRS. Procurement will contact the new vendor if the information fails the check.
3. Keeping certificates of insurance current for vendors that will be on AURA property (Foreign or Domestic) will be the responsibility of the Accounting Department. Certificates will be scrubbed on an annual basis. There will be a file containing scanned copies of all insurance certificates and they will be available for audit annually.
4. Each year the vendor/supplier list must be scrubbed to maintain the master file. This will allow the department to remove inactive suppliers in the last 18 months, suppliers with missing information, and suppliers that have duplicate records. Information on active vendors and those vendors that are inactivated each year will be recorded to monitor trends.
5. 1042-S Form must be filed with the IRS by the Accounting Department each calendar year for both Personal Services (as defined by IRS) Honorariums (AP) and Foreign national Employees living in Chile (Payroll) but working in the U.S.
6. 1099 Miscellaneous Form will be filed by the Accounting Department each calendar year for each vendor that meets the IRS requirement. A summarized 1096 form will be sent to the IRS each calendar year.
7. ACH Account Validation Service– The Accounting Department will verify the that the vendor’s ACH Account is valid using the prenote process. This will prevent payment fraud and ensures that funds are disbursed to the correct supplier bank account.

8. The Accounting Department will visit the IRS site www.irs.gov annually to ensure that any changes to the rules and regulations are noted for 1099s and W-9s.
9. The naming convention used by the Accounting Department has been vetted by both the Procurement and Accounting Departments for use.

OTHER INFORMATION FOR REFERENCE:

Non-resident alien (NRA) Withholding Requirement (Foreign Individuals)

- Personal Services (as defined by IRS): Honorariums (AP) and Foreign National Employees living in Chile (Payroll) but working in the U.S. are required to submit a W-8.
- A 1042-S must be filed for both categories. Accounts Payable and Payroll are responsible for this filing.

1099-MISC IRS REQUIREMENTS:

File Form 1099-MISC for each person to whom you have paid during the year:

- at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest;
- at least \$600 in:
 - rents;
 - real estate transactions
 - royalties
 - services performed by someone who is not your employee; independent contractors.
 - prizes and awards;
 - third party gifts
 - other income payments; annuities or dividends
 - medical and health care payments;
 - crop insurance proceeds;
 - cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish;
 - generally, the cash paid from a notional principal contract to an individual, partnership, or estate;
 - payments to an attorney; or
 - any fishing boat proceeds,

In addition, use the 1099 MISC form to report that direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment.

IMPACTS AND INTENDED RESULTS

This process defines responsibilities and monitors vendor verification compliance. The collaborating efforts between Accounting and Procurement Departments will establish the additional internal controls for vendor/supplier management. It will also address the internal and external concerns for audit purposes. This process will be reviewed and updated each fiscal year by the Finance Deputy as needed.

STATISTICS WILL BE UPDATED EACH YEAR AND INCLUDE:

1. Total active vendors
2. Total removals