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MSU Business Process Review Business Case: Vendor Set-up

Executive Summary

Vendor Set-up: Modify current process

It has become important to re-visit this process under the tutorage of the Business Process Review process. Several important steps were to be examined for vendor clean up of the vendor master file.

1. The first part was to produce a standardized process for vendor set-up of new accounts. A new vendor account will not be established without the W-9 documentation on file.
2. The second part was to analyze existing vendor files for accuracy of entry and classification for 1099 tax reporting. The past year the Bozeman campus has requested in excess of 5000 W-9 forms for existing vendors and prospective new vendors. These forms were stored in 18 extra large binders in the Controllers office.
3. It was necessary to find a secure centralized storage space for these forms. The Bozeman campus scanned the business forms and indexed them according to the business vendor code on Banner. The file is being stored on a local office computer and can be easily accessed by the CD's that were duplicated as backup. As yet we have not determined an appropriate file format that will produce a readable image and not take up huge amounts of storage space on the network that can be viewed by all the campuses.
4. The next step was to research a process to archive existing vendor files that have not been used in a long time. Discussions will be taking place with the ITC support staff to arrive at a reasonable solution for storage capacity of archived files. ITC support will be testing and researching the best way to proceed with this process.
5. The ultimate goal is to achieve a clean master file.

I have met with Deb Felkey, David Court, and Jeana Henley to establish a process that will be followed by all four campuses in the creation of new vendor files.

Data Entry of new vendors is the key to initializing a clean vendor file. The standardized process will be submitted to each campus for review and input. Once the process is reviewed and accepted by each campus, the data integrity manual will be updated and distributed to each Accounts Payable department on each campus. The target date to have this completed is April 1, 2007.

1. We are writing a standardized process to follow in the data entry of new vendor records that will ensure accurate 1099 reporting. Our discussions have resulted in the testing of sole proprietor records to establish an accurate entry of these vendor types. The Internal Revenue Service prefers that the sole proprietor tax id number & EIN number be associated with the owner of the business. This information is necessary to print the 1099 tax form accurately.
2. We are working to break apart vendor files that have been grouped under a chain. For example, Best Western Hotels are classified under different vendor types and are subject to 1099 reporting for income tax purposes. The hotel and its owner must be created to match the W-9 documentation. Currently, there are 90 files on the system for Best Western and we have

requested the W-9's for each business. The goal is to get these files updated and matched to their respective W-9's and have this reporting issue resolved by June 30, 2007.

For future reference, when researching data entry to occur at the department level, a clean vendor file will be imperative to its success. We will have to address the many departmental addresses that are stored on each vendor file. It may not be a good business practice to have checks returned to the department, when they are the ones initiating the checks.