

## Finance Policies and Procedures

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### PeopleSoft IR - # 62

## Enterprise-Wide Business Unit Level 1099 Processing

### Scope:

This PeopleSoft Information Release (IR) applies to Enterprise-wide Business Units' Accounts Payable End-Users, Chief Financial Officers (CFOs), and Assistant Chief Financial Officers personnel.

### Purpose:

The purpose is to provide detailed procedures to meet important deadlines regarding 1099 processing for Calendar Year 2006. Please see Appendix A: **GENERAL GUIDELINES FOR VENDOR 1099-MISC STATUS**

### Module:

The IR affects the Accounts Payable Module in Financials Production.

### Source:

The source of this IR is a result of a Business Policy.

## Procedures

**Parameters** – The following must exist for this procedure to be successful:

**Database:** PS Financial Production (PSFSPRD)

**Documentation Processing:** The calendar year 2006 must have past

**Important Note:** *The following Finance Policies and Procedures section may be printed separately from this cover page.*


### Questions/Comments:

Refer all questions or comments via e-mail to the **PS FIN SUPPORT GROUP**.

## Finance Policies and Procedures

**PROCEDURE NAME:** 1099 Processing Calendar Year **2006**



**PURPOSE:** To document the procedures to produce 1099's for the Calendar Year **2006**.

RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Shreveport Processing Center	1	<p>Run Process: <b>Withholding Posting Request</b>            To be run on <b>Wednesday, January 04, 2007</b></p> <p>See Process Documentation "1099 Processing-Shreveport Processing Center – <b>2006</b>."</p>
Shreveport Processing Center and LSUHSC-New Orleans and HCSD Purchasing Support Team	2	<p>Run the <b>Withhold Shared TIN Report: Go, Administer Procurement, Review Vendor Information - Report, Withhold Shared TIN Report, Add Run Control ID: SHARED_TIN</b></p> <p>Click: <input type="button" value="OK"/></p> <p>Enter the Following:</p> <p>Request ID: TIN            Request description: Shared Tin            Withholding Entity: IRS            Start Date: <b>01/01/06</b>            End Date: <b>12/31/06</b></p> <p>Click:  (Run)</p> <p>Process Schedule Request:</p> <p>Run Location: Client            Output Destination: Printer            File/Printer: Local or Network Printer address</p> <p>Click: <input type="button" value="OK"/></p> <p><b>Report will run to local or designated printer.</b>            Review the report for multiple vendor numbers with the same Tax Identification Number (TIN).</p>



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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Shreveport Processing Center	2	<p>For the <b>SHARE</b> vendor file, a determination will be made as to the vendor number to be used for 1099 purposes.</p> <p>For Vendor Set IDs <b>LSUNE</b> and <b>LSUSE</b>, New Orleans and Shreveport Direct Pay Sections will determine which vendor to inactivate for future payments and for reporting one (1) 1099 per vendor TIN.</p> <p>For Set ID <b>SHARE</b>, Shreveport Processing Center will correspond with HCSD Administration Purchasing and LSUHSC-New Orleans Purchasing and Direct Pay Sections to determine which number is to be used for 1099 purposes and for future purchases.</p> <p>HCSD Administration Purchasing will <b>INACTIVATE</b> the vendors that will no longer be used for purchasing. As a general rule the greatest vendor number will be inactivated from future use.</p> <p>HCSD Administration will also forward inactivation and correct vendor notification to ALL PURCHASING AND ACCOUNTS PAYABLE PERSONNEL TO ALL BUSINESS UNITS INCLUDING LSUNO and LSUSH in order for data corrections to be made for <b>2006</b> 1099 Processing.</p> <p><b>DEADLINE FOR SHREVEPORT PROCESSING CENTER/HCSD ADMINISTRATION PURCHASING IS (to be announced).</b></p> <p><b>DO NOT ATTEMPT TO REACTIVATE THESE VENDORS AFTER NOTIFICATION IN ORDER TO PROCESS A 1099 FOR <b>2006</b>.</b></p> <p><b>SEE STEP #9 for correct procedure to produce one (1) 1099 per BU per vendor TIN.</b></p>

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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Accounting Supervisor at each Business Unit	3	<p>Run the <b>Withholding Control Report</b>: (Beginning <b>01/04/07</b> for Calendar Year <b>2006</b>)  <b>Go, Administer Procurement, Review Vendor Information - Report, Withhold Control Report, Add</b></p> <p>Run Control ID:      <b>WH_Control_Report</b></p> <p>Enter the Report Request Parameters:  Setid:                      <b>SHARE</b>  Control ID:                <b>(your TIN)</b>  From Date:                <b>01/01/xxxx</b>  Through Date:            <b>12/31/xxxx</b></p> <p>Click:  (Run)  Process Schedule Request:  Run Location:            <b>Client</b>  Output Destination:    <b>Window</b></p> <p>Click: </p> <p>Crystal Report displays and print.</p> <p><b><u>The Withholding Control Report Summarizes all 1099 posted payments AS OF 12/31/06.</u></b></p> <p><b><u>NOTE: This report is NOT updated as corrections/updates are made as specified in steps to follow. This report is only a beginning reference point for 1099 verification.</u></b></p> <p><b><u>Please refer to step #14 for steps/query to run to confirm corrections/updates to data.</u></b></p>
Accounting Supervisor at each Business Unit	4	<p>Run the <b>Withholding Voucher/Vendor Match Report</b>:  <b>Go, Administer Procurement, Review Vendor Information - Report, Withholding Voucher/Vendor Match, Add</b>  (Beginning <b>01/04/07</b> for Calendar Year <b>2006</b>)</p>



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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS																						
Accounting Supervisor at each Business Unit	4	<p><b>Run Control ID: WVVM_REPORT</b></p> <p>Enter the following:</p> <table border="0"> <tr> <td><b>Request ID:</b></td> <td><b>SHARE</b></td> </tr> <tr> <td><b>Request description:</b></td> <td><b>WVVM Report (Your BU)</b></td> </tr> <tr> <td><b>Business Unit:</b></td> <td><b>SHARE (All HCSD BU)</b></td> </tr> <tr> <td><b>Vendor Set ID:</b></td> <td><b>LSUSE (Shreveport)</b></td> </tr> <tr> <td></td> <td><b>LSUNE (New Orleans)</b></td> </tr> <tr> <td><b>Vendor ID:</b></td> <td><b>Leave Blank</b></td> </tr> <tr> <td><b>Start Date:</b></td> <td><b>01/01/xxxx</b></td> </tr> <tr> <td><b>End Date:</b></td> <td><b>12/31/xxxx</b></td> </tr> </table> <p>Click:  (Run)</p> <p><b>Process Schedule Request:</b></p> <table border="0"> <tr> <td><b>Run Location:</b></td> <td><b>Client</b></td> </tr> <tr> <td><b>Output Destination:</b></td> <td><b>Printer</b></td> </tr> <tr> <td><b>File/Printer:</b></td> <td><b>Local or Network Printer address</b></td> </tr> </table> <p>Click: </p> <p>SQR Report prints.</p> <p>This report lists vouchers not flagged as 1099 applicable for which the vendor is flagged as withholding and vouchers flagged as 1099 applicable for which the vendor is NOT flagged as 1099 applicable.</p> <p><b>WARNING: The System will ignore 1099 voucher lines if the vendor is NOT flagged as withholding applicable.</b></p>	<b>Request ID:</b>	<b>SHARE</b>	<b>Request description:</b>	<b>WVVM Report (Your BU)</b>	<b>Business Unit:</b>	<b>SHARE (All HCSD BU)</b>	<b>Vendor Set ID:</b>	<b>LSUSE (Shreveport)</b>		<b>LSUNE (New Orleans)</b>	<b>Vendor ID:</b>	<b>Leave Blank</b>	<b>Start Date:</b>	<b>01/01/xxxx</b>	<b>End Date:</b>	<b>12/31/xxxx</b>	<b>Run Location:</b>	<b>Client</b>	<b>Output Destination:</b>	<b>Printer</b>	<b>File/Printer:</b>	<b>Local or Network Printer address</b>
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<b>Business Unit:</b>	<b>SHARE (All HCSD BU)</b>																							
<b>Vendor Set ID:</b>	<b>LSUSE (Shreveport)</b>																							
	<b>LSUNE (New Orleans)</b>																							
<b>Vendor ID:</b>	<b>Leave Blank</b>																							
<b>Start Date:</b>	<b>01/01/xxxx</b>																							
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<b>File/Printer:</b>	<b>Local or Network Printer address</b>																							
Accounting Supervisor at each Business Unit	5	<p>Remember to Clear Cache before running the following query</p> <p>Run the Public Query <b>AP_1099_VERIFY</b> (Beginning <b>1/4/07</b> for Calendar Year <b>2006</b>.)</p> <p>This query will list all expenditures for vendors within the Professional Services PS Account Range. The query also denotes whether the vendor is flagged as withholding or 1099 applicable. Use this query along with the Withholding Voucher/Vendor Match Report to determine 1099 applicable vouchers</p>																						

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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Accounting Supervisor at each Business Unit	5	<p><b>See Appendix A - GUIDELINES FOR VENDOR 1099-MISC STATUS – to help you determine if the vendor paid under the Professional services PS Account Range is considered a 1099 Vendor.</b></p> <p>Note: If the vendor payment in question notes that the vendor is withholding applicable, the withholding vouchers should be okay unless the vouchers show up on the <b>Voucher Vendor Match Report</b> as <i>Mismatches</i>.</p>
Accounting Supervisor at each Business Unit	6	<p>Remember to Clear Cache before running the following query: Run the Public Query <b>AP_1099_ROA_2006</b> (Beginning <b>1/7/06</b> for Calendar Year <b>2006</b>.)</p> <p>This query will list receipts that could possibly be return of appropriation for 1099 vendors. Check query against documented receipts to determine if an adjustment needs to be made reducing the amount paid to a 1099 vendor. (see step 10)</p>
Accounting Supervisor at each Business Unit	7	<p>Review <b>Withholding Voucher/Vendor Match Report</b>. The report lists 1099 Vendors for which there are vouchers not “flagged” as 1099 applicable though the Vendor is 1099 applicable. The Supervisor will determine if the payment is 1099 applicable.</p> <p>The Report also lists vouchers “flagged” as 1099 vouchers for which the vendor is no longer “flagged” as a withholding vendor. The Supervisor will determine if the payment is, indeed, 1099 applicable.</p> <p><b>WARNING: The System will ignore 1099 voucher lines if the vendor is NOT flagged as withholding applicable.</b></p> <p>Therefore, if any vendor/vouchers on the <b>Vendor/Voucher Match Report</b> are marked with a Line W/H = “y”, the Supervisor should complete the <b>VENDOR ADD/UPDATE FORM</b> for 1099 information and forward to Purchasing for correction before proceeding to the next step.</p> <p>Also, if any vendors on the <b>AP_1099_Verify</b> or <b>AP_1099_ROA_2006</b> queries need to be updated to a withholding (1099) status, the supervisor should complete the <b>Vendor Add/Update form</b> and forward to purchasing</p>




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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Accounting Supervisor at each Business Unit	8	<p>After determining corrections to be made using the</p> <ul style="list-style-type: none"> <li>▪ <b>Withhold Voucher/Vendor Match Report,</b></li> <li>▪ Public Query <b>AP_1099_VERIFY,</b></li> <li>▪ Public Query <b>AP_1099_ROA_2006,</b> and</li> <li>▪ <b>the notification from HCSD Administration Purchasing as to inactivated duplicate TIN vendors</b></li> </ul> <p>Navigate as follows:</p> <p><b><u>G</u>o, <u>A</u>dminister Procurement, <u>R</u>eview <u>V</u>endor Information - <u>I</u>nquire, <u>W</u>ithhold Voucher/Vendor <u>M</u>atch</b></p> <p>Enter or select the following information:</p> <p><b>Vendor Set ID:</b> (Your Set ID)  <b>Vendor Number:</b> (to be corrected/updated)</p> <p>Click </p> <p>Enter or select the following information:</p> <p><b>Business Unit:</b> (Your BU)  <b>Start Date:</b> 01/01/xx  <b>End Date:</b> 12/31/xx</p> <p>Click  (Generic Fetch Push Button) to retrieve data</p> <p>All vouchers for a vendor will display. If the vendor has more than one location, use the outer scroll bar to see vouchers for other locations</p> <p>The vouchers originally checked as withholding applicable will have a check mark in the “withholding Code” field. The “Code” field will also be populated with a withholding code between 01-14</p> <p>Using the <b>Vendor/Voucher Match Report</b>, update each voucher by either “checking” the withholding box and</p>

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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Accounting Supervisor at each Business Unit	8	<p>entering the w/h code or by “unchecking” the withholding box if the payment is determined to not be 1099 applicable</p> <p>After reviewing/updating all vouchers for a vendor, Click the <b>UPDATE ALL VOUCHERS</b> push button. Next, <b>SAVE</b> the panel.</p> <p><b>WARNING: SIMPLY SAVING THE PANEL WILL NOT UPDATE THE 1099 STATUS OF THE VOUCHER. YOU MUST CLICK THE PUSH BUTTON “UPDATE ALL VOUCHERS” IN ORDER FOR THE 1099 TABLE TO BE UPDATED.</b></p> <p><b>WARNING: The System will ignore 1099 voucher lines if the vendor is NOT flagged as withholding applicable</b></p>
Accounting Supervisor at each Business Unit	9	<p><b>Move 1099 Payments from Inactivated Set ID SHARE Vendors to correctly determined vendor as notified from HCSD Administration purchasing or for inactivated vendors for set ID LSUNE and LSUNE.</b></p> <p>Follow instructions in Step 8 using the “uncheck” box option for the inactivated vendor.</p> <p>Follow instructions in step #11 with the exception of using a POSITIVE amount for the basis amount paid in calendar year <b>2006</b> to correctly determined vendor.</p>
Accounting Supervisor at each Business Unit	10	<p><b>Re-Run Withholding Voucher-Vendor Match Report to confirm correct data.</b></p>
Accounting Supervisor at each Business Unit	11	<p><b>Enter as 1099 adjustments any return of appropriation for a 1099 vendor:</b></p> <p><b>Verify that all ROA 1099 vendors are entered as withholding vendors in PS</b> by navigating to the Maintain Vendors Panel and verifying that the withholding box is checked. If necessary, use the <b>Vendor Add/Update form</b> to forward to Purchasing for correction.</p>

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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Accounting Supervisor at each Business Unit	11	<p>Next, Navigate to</p> <p><b><u>Go, Administer Procurement, Maintain Vendors - Use, 1099 Adjustments</u></b></p> <p>Enter or Select:</p> <p><b>Vendor Set ID:</b> (Your Set ID)  <b>Vendor ID:</b> (Vendor 10-digit #)</p> <p>Enter or Select Search Criteria:</p> <p><b>Unit:</b> (Your BU)  <b>Entity:</b> IRS  <b>Type:</b> 1099  <b>State Date:</b> 01/01/xxxx  <b>End Date:</b> 12/31/xxxx</p> <p>Click  (Generic Fetch Push Button) to retrieve data</p> <p>All Original 1099 entries will be populated</p> <p>In order to add rows for ROA Data, click </p> <p>Populate the following fields on each row:</p> <p><b>Unit:</b> (Your Business Unit)  <b>Entity:</b> IRS  <b>Type:</b> 1099  <b>Class:</b> (appropriate class)  <b>Rule:</b> RULE1  <b>Basis Amt:</b> Total Return of Appropriation <b><u>AS NEGATIVE AMOUNT</u></b></p> <p><b>Payment Date:</b> (Payment date or <b>12/31/06</b> if multiple payments were made in Year 05.)</p> <p>Click  to save.</p> <p>Repeat <b>Step 10</b> for each <b>ROA</b> vendor update.</p>

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RESPONSIBLE PERSON (AGENCY)	STEP	ACTION STEPS
Accounting Supervisor at each Business Unit	12	Re-Run <b>Voucher Vendor Match Report</b> to confirm that there are –0– mismatches.
Shreveport Processing Center	13	Run <b>1099 Withholding Report Post.</b> – See Process Documentation “1099 Processing-Shreveport Processing Center - 2006.” Process will be run nightly from 01/05/07 through 01/29/07.
Accounting Supervisor at each Business Unit	14	Run Public Query: <b>AP_WTHD_1099_TBL</b> and <b>AP_WTHD_TRANSACTIONS_BY_BU</b> daily between January 5, 2007 and January 26, 2007, in order to confirm corrections/updates to 1099 data.  Note: Clear your cache prior to running this query.
Shreveport Processing Center	15	Run <b>1099 Withholding Reports</b> – See Process Documentation “1099 Processing-Shreveport Processing Center - 2006.” Reports will be run on 01/29/07.
Shreveport Processing Center	16	Run <b>1099 IRS File and 1099 Copy B</b> – See Process Documentation “1099 Processing-Shreveport Processing Center - 2006.” Reports will be run on 01/29/07 through 01/31/06.
Shreveport Processing Center	17	Run <b>1099 Withholding to Send Detail Reports</b> and Distribute to Agencies – See Process Documentation “1099 Processing-Shreveport Processing Center - 2006.” Process will be run by 01/31/07.
Shreveport Processing Center	18	Run <b>1099 Withholding Sent</b> – See Process Documentation “1099 Processing-Shreveport Processing Center - 2006.” Process will be run after final verification that IRS has received and accepted electronic files for each BU (approximately 02/28/07).
Accounting Supervisor at each Business Unit	19	For 1099 corrections to be made before or after Withholding to Send or Withholding Sent Reports have been processed, contact “to be announced” for 1099 corrected copy.

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IMPORTANT DATES	EVENT
<b>January 04, 2007</b>	Begin Running 1099 Reports and making 1099 corrections.
<b>January 06, 2007 through January 26, 2007</b>	<p>Shreveport Processing Center runs 1099 Report Post overnight in order for Public Query <b>AP_WTHD_1099_TBL</b> to be up-to-date daily.</p> <p>Each Business Unit runs Public query <b>AP_WTHD_1099_TBL</b> as corrections/updates are made.</p>
<b>January 26, 2007</b>	Deadline for 1099 Adjustments for Business Units
<b>January 29, 2007</b>	Shreveport Processing Center runs 1099 Reports and prints 1099 Copy B's for vendors.
<b>January 31, 2007</b>	Shreveport Processing Center has 1099's postmarked and in mail to vendor. Also, copies to each Business Unit will be mailed by this date.
<b>February 2, 2007</b>	Test electronic files sent to IRS for each Business Unit.
<b>February 22, 2007</b>	<p><b>Final Electronic Files sent to IRS for each Business Unit.</b></p> <p><b>After verification from IRS that files are received, Shreveport Processing Center will run the Withholding Sent File and Reports and will mail to each Business Unit for FILE copy. (approximately end of February)</b></p>

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### Appendix A

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#### **GENERAL GUIDELINES FOR VENDOR 1099-MISC STATUS**

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1. Any vendor who is subject to backup withholding is a 1099 reportable vendor.
  2. Usually corporations are not 1099 reportable vendors. However, payments to the following types of corporations are 1099 reportable:
    - attorneys, including a law firm or other provider of legal services,
    - medical or health care services, unless the payments are to tax-exempt hospital or extended care facility or to a hospital or extended care facility owned and operated by the United States (or its possessions), a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities.
  3. Payments to a tax-exempt organization are not 1099 reportable.
  4. Individuals or a combination of individuals paid for all types of rents, (land, buildings, equipment, etc) are 1099 reportable vendors. However, real estate agents paid rents are not 1099 reportable vendors.
  5. Sole proprietorships providing services are 1099 reportable vendors.
  6. Any individual or combination of individuals providing services is 1099 reportable.
  7. Partnerships providing services are 1099 reportable vendors.
  8. Estates or beneficiaries receiving a deceased employee's compensations are 1099 reportable vendors.
  9. Independent contractors providing services are 1099 reportable vendors.
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### **GENERAL GUIDELINES FOR VENDOR 1099-MISC STATUS (continued)**

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10. Federal, state, local government entities, and any of their political subdivisions, agencies or instrumentalities are not 1099 reportable.
  11. Employees are not 1099 reportable vendors.
  12. Students who are degree candidates who receive scholarships or fellowship grants specifically for or used for tuition, fees, books, supplies, and equipment required for courses are not 1099 reportable vendors.
  13. Informants who receive an award, fee or reward for information are not 1099 reportable vendors.
  14. Foster care providers who receive difficulty-of-care payments for 10 or fewer children under the age of 19 and five or fewer individuals 19 or older are not 1099 reportable vendors.
  15. Non-employee entertainers and entertainment facilities are 1099 reportable.
  16. Non-employee recipients of fees and/or travel reimbursements which the individuals do not account for to the payer are 1099 reportable vendors.
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