



Virginia Department of Corrections

Financial Management and Procurement

Operating Procedure 210.4

Accounts Payable Administration and Management

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REVIEW

The Content Owner will review this operating procedure annually and re-write it no later than three years after the effective date.

COMPLIANCE

This operating procedure applies to all units operated by the Virginia Department of Corrections. Practices and procedures must comply with applicable State and Federal laws and regulations, ACA standards, PREA standards, and DOC directives and operating procedures.

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DEFINITIONS

Accounting Voucher - A document that generates a payment to a non-state agency vendor

Agency Purchase Order (APO) - A document, via electronic or hard copy, that authorizes the procurement of, and the payment for, goods or services processed directly to a vendor on State Contract, or within the DOC DPS delegated authority, by the respective agency Purchasing Office

Agency Transfer Voucher (ATV) - An accounting document that transfers expenditures or revenue within the same agency from one fund, program, sub-program, object code, or cost code to another

Commonwealth Accounting Policy and Procedure Manual (CAPP) - State accounting policies and procedures promulgated by the Virginia Department of Accounts to guide financial management processes for all state agencies

Contract - An agreement enforceable by law, between two or more competent parties, to do or not do something not prohibited by law; contracts include but are not limited to: state contracts, eVA purchase orders, vendor contracts, and memoranda of agreement.

DPS Purchase Order (DPS/PO) - A purchase order issued by the Division of Purchases and Supply (DPS) in response to the DOC request for specific goods or service outside agency limits; purchase request is bid and awarded based on dollar amount or an existing contract

Due Date - The date a payment is due; the due date is calculated as 30 days after the receipt of the goods or service, or the operating unit's receipt date of the invoice, whichever is later, or as specified by contract payment terms.

EDI - The State Electronic Data Interchange program which is a direct deposit method of payment distribution; payroll direct deposit account information is used for distribution of reimbursements to employees.

EIN - Employer Identification Number

Interagency Transfer Voucher (IAT) - A document generating payment, expenditure credit, or revenue actions between state agencies

IRS Form 1099 - An Internal Revenue Service required document that State agencies must transmit to qualified individuals or vendors who provided certain services that exceeded the annual dollar amount threshold established by the IRS; an electronic copy of this form must also be sent to the IRS.

Organizational Unit - A DOC unit, such as a correctional facility, regional office, probation and parole office, Virginia Correctional Enterprises (VCE), Academy for Staff Development (ASD), Corrections Construction Unit, Agribusiness Unit, and individual headquarters unit, e.g., Human Resources, Offender Management, Internal Audit

Organizational Unit Head - The person occupying the highest position in a DOC organizational unit

Payable - Any debt which has not been paid

Payment Due Date - All payments to non-governmental and privately owned businesses for the purchase of goods and services must be due dated. Agencies should assign a payment due date of 30 calendar days after the receipt of the goods, services, or invoice, whichever is later, or the due date specified in the vendor's contract. (CCAP Topic 20315)

Prompt Payment Statutes - Code of Virginia sections that require State agencies to ensure non-state agency and DOA identified state agency payables are processed to create check mailings or EDI transfers no later than 30 days after receipt of the valid vendor invoice, or the goods or service, whichever occurs last, or as specified by contract payment terms. For vendor payments made by check, the postmark date will be deemed the payment date. For vendor payments made using EDI, the bank settlement date is deemed the payment date.

Purchase Request - An initiation of a procurement transaction that is documented by submission of an approved Purchase Requisition to the appropriate DOC procuring official

Receiving Report - A signed and dated document prepared by the agency indicating the quantified receipt of the goods/services, its condition, and the time/date of its receipt. Receiving Reports are submitted as hard copy or performed via electronic receiving through the eVA procurement process.



Source Material - Documents used for the fiscal review and management of accounts payable

TIN - Taxpayer identification number; this could be either EIN or SSN (Social Security Number).

Travel Expense Reimbursement Voucher - Original authorized documentation for requesting reimbursement of expenses incurred by an individual while traveling on official State business; this documentation, including itemized, original hotel bills and receipts as required, provides support for reimbursement of travel expenses.

Utility Services - Expenditures for electricity, water, gas, coal, oil, steam, wood fuels, telephone, sewer, and trash removal



PURPOSE

This operating procedure provides all Department of Corrections (DOC) organizational units with specific guidance in the proper management and administration of the total DOC Accounts Payable function, including receipt and proper certification of goods and services, in accordance with Commonwealth of Virginia guidelines.

PROCEDURE

I. Accounts Payable

A. The accounts payable function assures that payment is made only for goods and services received in accordance with specifications; inhibits fraud through separation of the requisitioning, receiving, and procurement duties from the voucher processing duties; reduces delays in payment processing time to enable DOC to take advantage of payment time-discounts; and assures that all organizational units are in compliance with the Prompt Payment Statutes. (5-ACI-1B-03; 4-ACRS-7D-22; 1-CTA-1B-02, 1-CTA-1B-05)

B. DOC Personnel Responsibility

1. Primary - DOC Fiscal Officers and the Director of Financial Services will be ultimately responsible for implementing and following these procedures. Organizational Unit Heads will provide these personnel with the support and authority to ensure effectiveness in compliance.
2. Secondary - All DOC employees will assist Fiscal Officers in implementing and complying with these procedures.

C. Analysis and Maintenance of Source Material

1. The analysis, implementation, monitoring, and maintenance of source material are performed by Fiscal Officers as material is received. This is accomplished to assess the impact of such material on the existing manuals and to ensure DOC compliance.
2. The DOC Chief Financial Officer will ensure that current procedures, directives, and regulations are accessible through the DOC Virtual Library. Fiscal Officers will ensure that paper copies are available at their respective units when electronic documents are unavailable. The following documents are considered to be primary source material:
 - a. Code of Virginia
 - b. Current Appropriations Act
 - c. Directives or operating procedures issued by:
 - i. Department of Accounts (DOA)
 - ii. Department of General Services (DGS)
 - iii. Department of Treasury
 - iv. Virginia Information Technology Agency (VITA)
 - v. Secretary of Public Safety and Homeland Security
 - vi. Executive Orders of the Governor
 - vii. Department of Corrections (DOC)
 - viii. DOC General Accounting

II. Compliance Procedures for Receipt of Goods and Services

A. Each organizational unit will comply with the Commonwealth Accounting Policy and Procedure Manual (CAPP), Topic 20305, *Internal Controls* regarding receipt and payment for invoiced materials, equipment, supplies and services. The following are additional DOC requirements.

1. A *Cardinal Receiving Report* 210_F6 should be completed on the same day (but no later than the next working day), upon receipt of the properly purchased good or service. An organizational unit may not wait until receipt of an invoice from the vendor to complete this report.



2. No organizational unit may approve an invoice for payment without first completing a proper receiving report, (proper receiving report is defined as goods/services verified on date of receipt and report completed in total, signed and dated at the time of verification), or obtaining a delivery ticket or packing slip containing the same information as the receiving report and bearing the signature of an authorized DOC receiving official, or an authorized individual who was associated with all materials, equipment, supplies, or services covered by the invoice were received in accordance with specifications.
 - a. Where applicable, receiving may be performed through eVA electronic receiving process.
 - b. Where the number of employees available permits segregation of duties, the authorized official or individual signing the receiving reports should be independent of the purchasing and accounting functions.
 - c. The Unit Head and other authorized staff member who sign the Accounts Payable certification must be the same persons whose names and signatures appear on the Authorized Signatories form submitted to the DOA; see CAPP, Topic 20305, *Internal Controls*. (5-ACI-1B-03; 4-4027, 4-APPFS-3D-23, 2-CO-1B-05, 1-CTA-1B-02)
- B. DOC purchasing procedures may be found in Operating Procedure 260.1, *Procurement of Goods and Services*. These procedures have been developed in compliance with guidelines issued by the DOC Division of Purchases and Supply (DPS) in accordance with the COV §2.2-4300, *Virginia Public Procurement Act*, §2.2-4343, *Exemption from operation of chapter for certain transactions*, and §53.1-179, *Purchase of services authorized*. Authorized individuals making purchases will instruct vendors to forward state or vendor invoices directly to the organizational unit's designated accounting office for invoice processing.
- C. Each organizational unit will ensure that its invoice processing procedures require that the receiving report, purchase order, and original requisition, if applicable, are obtained, matched, and compared to each corresponding vendor invoice prior to the voucher's approval for payment. Invoice verification should include comparison of contract terms upon which the purchase order was based.
- D. Each organizational unit's accounts payable office will take an active role in developing specific guidance stressing the importance of timely processing of vendor invoices and receipt certification in accordance with all provisions of the Prompt Payment Statutes.
 1. Each accounts payable office will routinely review invoices and receiving reports to verify that timely payment processing is taking place.
 2. Each organizational unit should make every effort to accurately date stamp the invoice to coincide with the actual date of receipt of the invoice.
- E. Each vendor invoice is considered a separate payment and should be due dated and processed independently of other invoices. If contract provides for partial deliveries, separate payment dates may be specified. The *Purchase Order Spend Down Tracking Sheet 210_F10* may be used to assist in keeping a running balance of the remaining funds and time available against the specified purchase order number and to assist in tracking when and if changes or a new purchase document in necessary.
- F. Organizational Unit h=Heads should submit approved, signed/dated invoice(s) with supporting documentation, as described in the *Automated Accounting Voucher Payments* Section of this operating procedure, to their respective Accounts Payable Office as soon as possible after receipt of the invoice(s), but no later than three workdays after the receipt date stamped on the invoice(s).
- G. Each organizational unit should submit documents in a manner consistent with established policies and procedures to maintain a minimum 95 percent time and accuracy rate.

III. Automated Accounts Payable Processing

- A. DOC units will use the accounting forms located in the Virtual Library to initiate payment or billing for



goods or services.

- B. The Fiscal Officer will ensure that the assigned accounts payable staff monitors, audits, and enters all accounting transaction data for payment of goods or services received or travel reimbursement payments into the automated accounting system in conformance with all relevant CAPP Manual topics.
- C. If the automated accounting system is unavailable for a predetermined extended period of time, i.e., a week or more, it is the responsibility of the Fiscal Officer to contact the DOA Manager of Pre-Audit and Compliance to make arrangements for alternate data entry of all accounting documents into the system.
- D. Prior to transmittal to the organizational unit's respective accounts payable office or release of payable documents to DOA, the payment request package must include the following:
 - 1. Original invoice
 - a. Authorized original vendor invoice
 - b. If an original invoice has not been received, the organizational unit should contact the vendor and request a copy of the original invoice. The organizational unit should stamp the invoice as "Certified Copy." The "required" payment due date should be calculated from the date the invoice copy is received from the vendor.
 - 2. Approval signature and DOC stamp-in date on the vendor invoice is used to verify payment due date
 - 3. All signatures must be dated
 - 4. Completed receiving report where required by CAPP Topic 20320 *Information Returns Reporting*
 - 5. Approved purchase documentation, if applicable
 - 6. Completed distribution coding sheet and *Cardinal Distribution Continuation Sheet 210_F8* if needed
- E. The Receiving Report preparation and submission will comply with DOA CAPP Topic 20305 and the *Compliance Procedures for Receipt of Goods and Services* Section of this operating procedure.
- F. It will be verified that a Purchase Order (PO) or Contract, has been assigned for the goods or services received.
 - 1. If no PO or Contract is recorded on the receiving report or invoice, the appropriate DOC personnel responsible for generating such documents, e.g., Purchasing Office, will be contacted. The only time there should not be a Purchase Order is if something is on the Demand Payment List; see Operating Procedure 260.1, *Procurement of Goods and Services*.
 - 2. End users must submit a Purchase Order number (PO#) before authorizing a vendor to provide goods or services, with the exception of those good and services listed on the Demand Payment List. Any goods or services received without a PO will be reported to Executive Management on the non-compliant report.
 - 3. The payment to the vendor must not be held if such numbers are missing. The payment will be processed as required and the PO attached to the master file copy when obtained from the respective organizational unit purchasing office; see Operating Procedure 260.1, *Procurement of Goods and Services*.
- G. All coding on the *Distribution Coding Sheet* must be verified prior to transmitting to accounts payable or the DOA. Unlike *Travel Reimbursement Vouchers*, Transaction Codes may vary; the CAPP Manual Topic 60210, *CIPPS Codes* or the accounts payable office may be referred to as necessary.

IV. Expenditures for Refreshments or Meals at Meetings

- A. This section does not apply to conferences.
- B. The CAPP Manual Topic 20310, *Expenditures*, Subsection 606, disallows for the expenditure of state funds for snacks/refreshments at ongoing, recurring meetings of short duration. Regularly scheduled staff



meetings and in-house training are considered ongoing and do not typically qualify for provision of refreshments or meals.

C. Generally, meetings of a non-recurring, non-routine nature involving significant resources and time may allow for expenditures for refreshments to allow participants to accomplish meeting objectives in a more timely and efficient manner.

1. Written expenditure approval will be obtained prior to the meeting. A brief letter will be sent by the organizational unit to the Chief of Corrections Operations or respective Deputy Director detailing the anticipated expenses, the meeting's purpose, and confirmation of the requirements:
2. In order for a meeting to qualify, a majority of the following requirements should be met:
 - a. The meeting must be for planning a major event or project, resolving a significant issue or revision/creation of a critical policy/procedure, and the meeting should encompass significant time and resources.
 - b. Generally, the purpose of the meeting should relate to an issue having a definitive beginning/end date, and be of a non-routine and non-recurring nature.
 - c. Time constraints or location would not allow time for refreshment breaks without impeding the effectiveness of the meeting.
 - d. The meeting should generally involve executive staff, upper management staff, staff invited from other field locations, or external guests.
 - e. A meeting where participants are required to travel from a distance that would require expenditure of overnight travel related funds, and where it would be more cost effective to provide meals versus paying lodging and per diem expenses.
 - f. The meeting length must be no less than one half business day.
 - g. Meetings must be infrequent.
 - h. Any meeting cost will be charged to the cost code requester.

D. Cognitive Programs and Educational Programs Graduation Ceremonies

1. All graduations expenses must be approved by the Regional Operations Chief (ROC) prior to ordering food and at least one month prior to the event.
2. Graduations should be limited to twice a year at each facility.
3. Expenses for the event will be charged to the Cardinal account code 55012640.
4. The DOC Director of Food Services has established a selection of approved standard menus; see Attachment 1, *Inmate Graduation Event Menus*, for all graduations. No deviations are allowed. Forward any questions to the DOC Director of Food Services.

V. Travel Reimbursement Vouchers (4-APPFS-3D-23)

- A. DOC staff will be required to maintain current address and payroll banking information, which is used for payment via the State Electronic Data Interchange (EDI) Program for receipt of reimbursements. Contact the DOC EDI Coordinator in the General Accounting Office for assistance with payment receipt and exception issues.
- B. For submission requirements, refer to the current State Travel Regulations CAPP policies 20335, 20336 and 20360 on the DOA website, www.doa.virginia.gov, Operating Procedure 110.2 *Overtime and Schedule Adjustments* and Operating Procedure 240.1 *Travel*.
- C. The DOC uses a consolidated billing and payment method through assigned charge cards for acquisition of airline tickets. Contact the appropriate cardholder in Office of the Director, Deputy Director for Administration, or Regional Office for guidance and assistance with airline ticket acquisition.



VI. Petty Cash Reimbursement Vouchers

- A. Refer to the CAPP Topic 20330, *Petty Cash* prior to processing.
- B. It is the responsibility of the Organizational Unit Fiscal Officer to ensure the following:
 - 1. The Reconciliation of Account section is completed
 - 2. The body of the voucher (date of payment, petty cash number, payee, amount) is audited
 - 3. All appropriate receipts are attached
 - 4. Coding is correct
 - 5. Approval signature is correct and is dated

VII. Interagency Transfer Vouchers

- A. Refer to CAPP Manual Topic 20405, *Inter-Agency Transactions* for current State requirements (2-CO-1B-05; 1-CTA-1B-02)
- B. Charge Agency - Prior to transmittal to DOA, it is the responsibility of the Organizational Unit Fiscal Officer to review for the following:
 - 1. Goods or service delivery date is correct
 - 2. Goods or service is correctly described
 - 3. Quantity, pricing, and amount are correct
 - 4. Credit line of coding is complete
 - 5. Debit line of coding is correct
 - 6. Appropriate support documentation as applicable, (i.e., receiving report, PO) is attached
 - 7. Approval signature is present and is dated
 - 8. Total of the debits and credits is equal. DOC total is the total amount certified for payment.
- C. Credit Agency - Prior to transmittal to the charge agency, it is the responsibility of the credit agency to ensure that the following is complete:
 - 1. Name and code of agency supplying goods or services
 - 2. Address of agency
 - 3. Name, address, and code of charge agency
 - 4. Invoice number and date
 - 5. Purchase Order number
 - 6. Description of goods or services
 - 7. Pricing information
 - 8. Total dollar amount
 - 9. Distribution coding line
- D. The charge (debit) agency normally batches and processes IAT documents, but the credit agency, with prior approval from the DOA Director of General Accounting may batch and process the documents.
 - 1. If the credit agency processes the documents, the credit agency will ensure the validity of the charge agency's distribution coding.
 - 2. The credit agency will notify the DOC debit agency in writing that a batch has been processed.
 - 3. This notification should be sent no later than one working day after the batch is transmitted. The notification will include a copy of the voucher and supporting documentation.



VIII. Agency Transfer Vouchers

- A. Refer to CAPP Manual Topic 20410, *Inter-Agency Transactions* for current State policy requirements.
- B. Prior to processing the *DOC to DOC ATA Transaction 210_F7*, the Fiscal Officer will ensure that all coding is appropriate and the total of all debits and credits equal.

IX. Internal Control Standards

- A. Accounts Payable internal control responsibility rests with management, in accordance with Operating Procedure 210.1, *Internal Fiscal Controls*.
- B. Management helps to ensure that resources are protected, reports are reliable, policies and procedures are followed, and operations are conducted effectively and efficiently.
- C. Each Organizational Unit Head will make all reasonable efforts to comply with Operating Procedure 210.1, *Internal Fiscal Controls*.
- D. Internal controls will provide reasonable, but not absolute, assurance that the objectives will be accomplished.
 - 1. This standard recognizes that the cost of internal controls should not exceed the benefits to be derived from the controls.
 - 2. The benefits consist of significant reductions in the risks of failing to achieve the stated objectives.

X. Prompt Payment Statutes Compliance

- A. Refer to the CAPP Manual Topic 20315, *Prompt Payment* for current State policy requirements.
- B. The Director, DOC Chief Financial Officer, and Organizational Unit Heads have the responsibility to ensure DOC compliance with the *Prompt Payment Statutes COV* §2.2-4347 through §2.2-4356.
- C. The State Comptroller has established a minimum 95% compliance level as the acceptable standard in meeting prompt payment. In order to meet or exceed this level, all payments that require a due date must be processed to ensure a check is released no more than 30 days from receipt of goods or services, or the receipt of the invoice, whichever is later, or as specified by contract.
- D. Organizational Unit Fiscal Officers may process payments earlier than the required payment due date, if the vendor's cash discount terms are advantageous.
- E. Organizational Unit Fiscal Officers must ensure that their respective organizational unit annual compliance rate averages 95% or more each fiscal year. For example: if 1 month is 90%, then another month must be 100% in order to average to 95%. The Director of Financial Services or the Chief Financial Officer should be consulted when an Organizational Unit Fiscal Officer determines external assistance is required to ensure compliance.
- F. Organizational Unit Fiscal Officers must review the weekly/monthly *Payments Made After the Due Date Report* and monthly *Due Date Monitoring Report* for compliance with the *Prompt Payment Act*.
- G. For vendor payments made by check, the postmark date will be deemed the payment date. For vendor payments made using Financial EDI, the bank settlement date is deemed the payment date.
- H. How payment due date affects the *Prompt Pay Report*:
 - 1. All payments to non-governmental and privately owned businesses for the purchase of goods and services must be due dated. Organizational units should assign a payment due date of 30 calendar days after the receipt of goods, services, or invoice, whichever is later, or the due date specified in the vendor's contract.
 - 2. For disputed invoices, organizational units should assign a due date of 30 calendar days following the date the payment dispute is resolved with the vendor. However, in circumstances where an invoice

- has already been delayed more than 30 calendar days and a contractual agreement exists with vendor, or vendor relations are in jeopardy, an earlier due date may be assigned to expedite the payment.
3. For utility payments different procedures may be required when due dating and processing these invoices. Generally a contract or agreement containing the rates and payment terms must be signed whenever a service is initiated with a utility company. This contract continues in effect until the service is terminated. Thereafter, changes in utility service rates, late payment fees, and billing practices are communicated through enclosures in the vendor's monthly billing statement. Organizational units should apply the following due dating practices when processing utility payments:
 - a. *Governmentally owned and operated utility companies.*
 - i. These are not subject to the *Prompt Payment Statutes*. Therefore, payment is generally required by the due date specified on the utility's invoice. A due date of approximately 5 working days earlier than that specified on the invoice should be assigned to ensure adequate time for central processing and to prevent the payment from appearing on the organizational unit's late payment reports.
 - ii. If such a practice is not feasible, an alternative procedure that identifies the utility payment upon receipt and expedites invoice processing must be implemented. Such payment alternatives may include paying by EDI or establishing a budget plan allowing organizational units to pay a fixed amount for a twelve month period by a predetermined due date. At the end of the twelve month period, an analysis of the organizational unit's utility expenses would be performed to determine if a payment adjustment is required.
 - b. Organizational units that have contracted with public utility companies to provide utility services should process payments by the due date specified in the contract.
 - i. Often the specified payment due date is 10 to 20 calendar days following the vendor's billing date. As a result of mail delays and the internal routing of utility invoices for approval of utility invoices for approval and payment, organizational units have little time for payment processing. Therefore, internal procedures should be established for identifying and expediting utility payments to avoid late payment penalties.
 - ii. Additionally, COV §2.2-4348, *Exemptions* states, "The provisions of this article will not apply to the late payment provisions contained in any public utility tariffs prescribed by the State Corporation Commission." Therefore, the public utility companies have the authority to assess late charges and fees for payments received after their specified due date.
 - c. Utility companies that are not included in the first two categories are subject to the due dating requirements of the *Prompt Payment Statutes*. Therefore, units should calculate the payment date to be 30 calendar days from the date the unit receives the invoice.
 - I. Interest Payments - The Code of Virginia provides that interest will accrue on all amounts owed by a State agency to non-governmental or privately owned business that remain unpaid for seven days following the required payment due date.
 1. The vendor must invoice the agency for the assessed interest charge.
 2. DOC Fiscal Officers should verify the vendor's invoice to ensure the amount of interest assessed is calculated at the appropriate rate and from the first day following the required payment due date (31st day).
 3. Interest cannot be assessed for payments that are legitimately offset by the Comptroller's Debt Set Off Program.
 4. Vendors may ask for interest for those payments that are erroneously offset.
 - a. Since public utility companies are not subject to the Payment Act, the DOC must abide by the utility's late payment provisions. Therefore, if interest is assessed by a public utility company on a late payment, the DOC is obligated to pay the invoiced amount.
 - b. Fiscal Officers will use proper sub-object codes indicated in CAPP Manual Topic 20315 when

processing interest charges for vendor payments.

XI. IRS Form 1099 Requirements

- A. Refer to CAPP Manual Topic 20320 for the current regulations related to Information Returns Reporting.
- B. It is the primary responsibility of the DOC Financial Systems Manager to ensure the timely preparation and submission of annual IRS Form 1099's. Due to the specific filing requirements of these forms and the changes that occur on an annual basis, it is imperative that the annual procedures memo issued by the DOC Financial Systems Manager be reviewed and followed.
- C. Secondary responsibility is assigned to each DOC Fiscal Officer for:
1. Communicating vendor data to the DOC General Accounting Office when a new vendor is to be added to the vendor edit table, no later than one work day after receiving an invoice from a new vendor
 2. Making a determination prior to hiring an individual as to whether that individual should be classified as an employee and added to the DOC payroll or paid as a non-employee. Refer to *IRS Publication 15 - Circular E, Employer's Tax Guide* and *Publication 15-A, Employer's Supplemental Tax Guide* for guidance in this matter.
- D. DOC must identify reportable payees who may be:
1. Individuals (non-employees)
 2. Sole Proprietors
 3. Partnerships
 4. Medical or legal corporations, for services rendered
 5. Trusts or estates
 6. LLC – single owner, disregarded entity, partnership or corporation base
 7. Corporations are exempt from receiving information returns in most cases. However, legal corporations and medical corporations must receive 1099-MISC Returns, *Miscellaneous Income* for medical and healthcare service payments totaling \$600.00 or more during the calendar year. When reporting payments to medical corporations reported on 1099-MISC, the corporation will be listed as the recipient rather than the individual providing the services.
- E. DOC must identify all sources of payments and adjustments, including:
1. Petty cash funds, individual payees
 2. Non-state funds, Commissary funds
 3. Stop payments
 4. Voided checks
 5. Garnishments for non-employees
 6. Refunds from payee
 7. Debt set off reductions
 8. Backup withholding
- F. For withholding of backup withholding taxes, the requirements as stated in CAPP Manual Topic 20320, *Information Returns Reporting* must be followed.
- G. DOC staff will key "Y" in the CARS 1099 indicator field each time payments are made to the 1099 qualified vendors for certain services.
- H. Send the dollar *Amount Adjustments* (for qualified vendor payments) to the DOC Financial Systems Office on a monthly basis; these adjustments must be sent by the 15th day following the close of the



month for each of the months from January to November. The adjustments for the month of December will be sent to the Financial Systems office by the date as established in the memo issued by the DOC Financial Systems Manager at the end of each calendar year.

- I. Review the DOA monthly report ACTR 3005 and turnaround report ACTR 3000 to verify the correctness of "Y" amounts and "Amount Adjustment" entries, within three work days after receipt.
- J. Maintain of files for W-9 forms, *Request for Taxpayer Identification Number(s) and Certification* 210_F1, for all vendors and submitting a copy to the DOC General Accounting Office for new vendors and vendors with TIN or name changes. This form determines who is a qualified vendor for IRS 1099 forms.
- K. If a vendor refuses to provide the W-9 required for Taxpayer Identification Number (TIN) verification, the vendor must be contacted by the Organizational Unit Fiscal Officer within 15 working days following the receipt of the invoice to obtain the required payment information. At the time, organizational units should inform the vendor that:
 1. Delayed Payment - Their payment will be delayed pending the receipt of the vendor's TIN.
 2. State Law - COV §2.2-4354(2), *Payment clauses to be included in contracts* requires contracts awarded by State agencies to include a special payment clause which directs individual contractors to provide their SSN, and sole proprietors, partnerships, and corporations to provide their EIN. Invoices for vendors who refuse to provide such information are considered in dispute under the provisions of the *Prompt Payment Statutes*.
 3. Federal Law - The IRS Code requires vendors to certify that they are not subject to backup withholding taxes. This certification is stated on Form W-9. If a taxpayer does not provide an agency with the required certification, payments to that vendor are considered in dispute and potentially subject to backup withholding taxes.
- L. Document the information, if the agency is paying a vendor that positively does not have a TIN, and attaching it to the payment voucher
- M. Send the year end 1099 "Certification" to DOC Financial Systems office by the due date as annually established and communicated by the DOC Financial Systems Manager.

REFERENCES

[COV §2.2-4300, Virginia Public Procurement Act](#)

[COV §2.2-4343, Exemption from operation of chapter for certain transactions](#)

[COV §2.2-4347, Prompt Payment](#)

[COV §2.2-4348, Exemptions](#)

[COV §2.2-4354\(2\), Payment clauses to be included in contracts](#)

[COV §53.1-179, Purchase of services authorized](#)

[Commonwealth Accounting Policy and Procedure Manual \(CAPP\), Topic 20305, Internal Controls](#)

[CAPP Topic 20310, Expenditures](#)

[CAPP Topic 20315, Prompt Payment](#)

[CAPP Topic 20320 Information Returns Reporting](#)

[CAPP Topic 20330, Petty Cash](#)

[CAPP Topic 20405, Inter-Agency Transactions](#)

[CAPP Topic 20410, Inter-Agency Transactions](#)

[CAPP Topic 60210, CIPPS Codes](#)

[Operating Procedure 110.2, Overtime and Schedule Adjustments](#)



[Operating Procedure 210.1, *Internal Fiscal Controls*](#)

[Operating Procedure 240.1, *Travel*](#)

[Operating Procedure 260.1, *Procurement of Goods and Services*](#)

[IRS Publication 15 - Circular E, *Employer's Tax Guide*](#)

[IRS Publication 15-A, *Employer's Supplemental Tax Guide*](#)

IRS Form, [1099-MISC Returns, *Miscellaneous Income*](#)

ATTACHMENTS

[Attachment 1, *Inmate Graduation Event Menus*](#)

FORM CITATIONS

[*Request for Taxpayer Identification Number\(s\) and Certification*](#) 210_F1

[*Cardinal Receiving Report*](#) 210_F6

[*DOC to DOC ATA Transaction*](#) 210_F7

[*Cardinal Distribution Continuation Sheet*](#) 210_F8

[*Purchase Order Spend Down Tracking Sheet*](#) 210_F10

