

Number: FPP 4-6
Issue: 1
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Revised Date: 07/31/14

SUBJECT: Citywide Guidance for Vendor Maintenance to Include Adding Vendors, Administrative Payees, and Program Participants

I. PURPOSE

The City is required to obtain form W-9 – Request for Taxpayer Identification Number and Certification for all individuals, partnerships, and companies who are being compensated for the provision to the City of goods or services. This policy:

- Defines whom the City is required to obtain W-9 forms from.
- Defines at what frequency new W-9s are to be requested from existing City Vendors.
- Defines who is responsible to update existing W-9s on file with the City.
- Defines the process for adding a new standard vendor, one-time vendor, Administrative Payee, or Program Participant into the City financial system.
- Defines what process is to be used to change or add a new remit to address for an existing standard vendor, one-time vendor, Administrative Payee, or Program Participant.

II. SCOPE

In the interest of administrative uniformity, this regulation is applicable to all City departments, City elected offices and other independent offices and departments.

III. AMENDMENT

The City Manager may edit or update the policy, procedures and contents in this regulation in accordance with the provisions set forth in Financial Policy and Procedure (FPP) 1-1.

IV. DEFINITIONS

1. **Standard Vendor** – Standard Vendors are individuals, partnerships, or companies that the City will likely be executing multiple transactions and will be making frequent payments to. Standard Vendors do not include Administrative payees. The City shall require all Standard Vendors to submit a completed W-9 (or a W-8 if a non-US provider).
2. **One-Time Vendor** – One-time vendors is a function used by the financial system to allow payments of less than \$600 annually to be made to individuals, partnerships, companies and Program Participants that are paid on a one-time basis. One-time vendors who are Qualifying Program Participants or who have payments in excess of \$600 annually are required to submit completed IRS Form W-9(or a W-8 if a non-US provider).

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3. **Administrative Payee** – Administrative Payees are employees of the City. Administrative employees are a form of a standard vendor who have a vendor type code of E. Administrative Payees are not required to submit W-9s.
4. **Program Participant** – Program Participants have not contracted with the City to run a grant program, but rather are the direct recipient of grant funding. Program Participants are broken into two subcategories based on the taxability of the services, cash or benefits provided; Qualifying and Non-qualifying Program Participants.
 - a. **Qualifying Program Participant** – Qualifying Program Participants are required to submit W-9s. Qualifying Program Participants receive grant funding that is reportable as federal and/or state income for tax purposes and may receive a 1099 from the City at calendar year end. This classification is specific to the grant program. The grantor should specify whether the services, cash or benefits provided to a recipient are considered taxable income. This information must be identified by the submitting department when the request to create the new vendor is submitted.
 - b. **Non-qualifying Program Participant** – Non-qualifying Program Participants are not required to submit W-9s. The grant funding that Non-qualifying Program Participants receive is not reportable as federal or state income for tax purposes. This classification is specific to the grant program. The grantor should specify whether the services, cash or benefits provided to a recipient are not considered taxable income. This information must be identified by the submitting department when the request to create the new vendor is submitted.

V. POLICY

1. At least once every three (3) years, the City will request an updated W-9 from active qualifying standard vendors.
2. The Department of Financial Management (FM) is responsible for requesting the updated W-9s. Vendors who fail to provide the required updated W-9s shall be inactivated until the form is obtained.
3. A new W-9 is required under the following conditions:
 - A new Standard Vendor,
 - A Qualifying Program Participant,
 - A One-time Vendor who has taxable payments in excess of \$600 annually,
 - A change in the vendor name,
 - A change in a vendor TIN number.

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4. Requests to add a new standard vendor, one-time vendor, Administrative Payee, or Program Participant into the City financial system will be forwarded via email along with a completed Vendor Add Form and any additional needed or required supporting documentation to FM-Vendors@longbeach.gov.
5. The Vendor name and vendor number (if existing vendor) shall be entered into the subject field of the email.
6. Changes to a vendor's remit to address, name, or TIN number are to be forwarded via email along with a completed Vendor Add Form and / or W-9 and any additional necessary or required documentation to the FM-Vendors@longbeach.gov email address.
7. Documentation supporting a change in remit to address or TIN number, such as an invoice or other notification, shall be attached to the email request.
8. Unless special circumstances exist, requests made verbally, in person or via the phone, or dropped off in hard copy will not be processed.
9. FM staff shall process your request within two (2) business days of receiving a request inclusive of all required supporting documentation.
10. If a vendor suffix already exists with the requested remit to address, no changes or additions will be made to the vendor file.
11. A change in a vendor remit to address does not require the submission of a revised W-9. However, any submitted requests for a change in the remit to address shall identify which vendor number suffix is to be changed and shall include appropriate supporting documentation such as an invoice or other notification that reflects the requested change.

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