

Subject: Exception Codes Now Available

The Office of Financial Management (OFM) and Department of Enterprise Services (DES) are continuing to work together on the Enterprise Payment Services project.

As part of the project, agencies have been moving payees (vendors) from their agency vendor table to the Statewide Vendor (SWV) table. Payees in the SWV table are required to have a valid Taxpayer Identification Number (TIN).

Agencies advised the project team that they have legitimate business reasons for making certain payments to payees without a TIN and/or without a payee (vendor) record. These are generally one-time payments that are not subject to IRS reporting. The current process is to use a pseudo vendor number (V0D0 or V0D1) for these types of payments. However, pseudo vendor numbers are being eliminated and an entry in the new exception code field will be required when making these types of payments.

An exception code can be used with or without a payee (vendor) number, but cannot be used with a pseudo vendor number. An Exception Code table has been developed and is now available so agencies can begin to transition away from using pseudo vendor numbers. The current exception codes and the criteria for each are listed below. They can also be viewed on AFRS screen TM1.4 – Payment Exception Code Table:

- **01 – Refunds**
 - Example: Payments for over-collected revenue or deposit refunds
 - Limited to certain General Ledger (GL) codes
- **02 – Emergency Payroll & Related 3rd Party Pmts**
 - Example: Emergency payroll, reissued payroll and payroll-related third party payments
 - Limited to Account 035, and GLs 1324 or 51xx
- **03 – Non-Employee Reimbursement**
 - Example: Non-employee travel reimbursement or prescription reimbursement to a retiree
 - Limited to certain subobjects
- **04 – One-Time Direct Grant Payments to Individuals**
 - Example: Payments to victims of a natural disaster
 - Limited to subobjects NA and NZ
- **05 – Other Payees with no TINs**
 - Example: Payments to foreign vendors not required to have a TIN and payments requiring backup withholding (vendors who are required to supply a TIN but do not)
 - Limited to certain objects

On July 1, 2012, pseudo vendor numbers V0D0 and V0D1 will no longer be valid. Agencies will be required to use a valid exception code to make payments to payees without a TIN and/or without a payee (vendor) record.

If your agency uses VOD1 and currently uses the Disbursement Reporting System (DRS) for IRS 1099-MISC reporting, please continue using VOD1 until the end of calendar year 2011.

Agencies will need to complete the following transition activities, as applicable:

- Financial Toolbox Templates: If your agency uses pseudo vendor numbers, you will need to get the most current copy of the Toolbox Template with the exception code field, as well as review and update any standard templates.
- Agency payment and accounts receivable systems: These systems may need to be modified to send or accept the new exception code. A new exception code field has been added to the AFRS 950 layout. (Position 801, 2 bytes, numeric only)

The following AFRS reports have been modified by DES to show the exception code:

- DWP8001 – AFRS REJECTED TRANSACTIONS REPORT
- DWP8002 – AFRS ERROR REPORT
- DWP9001 – AFRS-OPER/CON-DT-TABLE MAINT RPT
- DWP9003 – AFRS-OPER/CON-TABLE MAINTENANCE RPT
- DWP91001 – ON LINE FILE BATCH DETAIL REPORT
- DWP91003 – ON LINE ERROR REPORT

The project team plans to modify one or more Enterprise Reporting (ER) standard reports to display the exception code field so agencies can monitor usage. In the meantime, the exception code field is available in ER Web Intelligence (Adhoc).

If you do not see an exception code that fits the type of payment you are making, please contact your assigned OFM accounting consultant.

For technical assistance, please contact the DES help line at (360) 407-8182 or via email at afrshelpdesk@ofm.wa.gov.