DataServ®

# Vendor Onboarding and Compliance

## OVERVIEW

# Introduction

For accounts payable and finance, vendor onboarding is not just adding a new vendor to your vendor master file. Many critical steps must be performed before new vendors are approved, including:

- Gathering critical information about the new vendor
- Securely collecting and storing all vendor information
- Validating vendor TINs, OFAC, SDN and other sanctioned watch lists
- Determining if withholding is required
- Verifying bank account information

Vendor onboarding and information management present risk, control, efficiency, cost and timing challenges in organizations.

Vendor onboarding – the processes and procedures for receipt, verification, approval and entry into the vendor master file/accounting system – becomes more complex every day. A recent Financial Operations Networks' poll revealed the following top vendor onboarding pain points faced by accounts payable, procurement, vendor information management and financial operations leaders:

- Bank account verifications
- Sensitive information being transmitted by email that could be captured by fraudsters
- Manual verifications of TINs, addresses, OFAC and other watch lists
- Unverified information
- PDF management and distribution
- Time-consuming and error-prone manual procedures
- Non-standardized onboarding procedures
- Cumbersome approval workflows

New vendor set up is a critical time to validate vendor information to prevent fraud, ensure vendor master file accuracy and meet compliance obligations. But, increased procedural efforts and cyber risk are creating security, control and compliance gaps. Inefficiency is further compounded by the growing reluctance to send sensitive information via email.

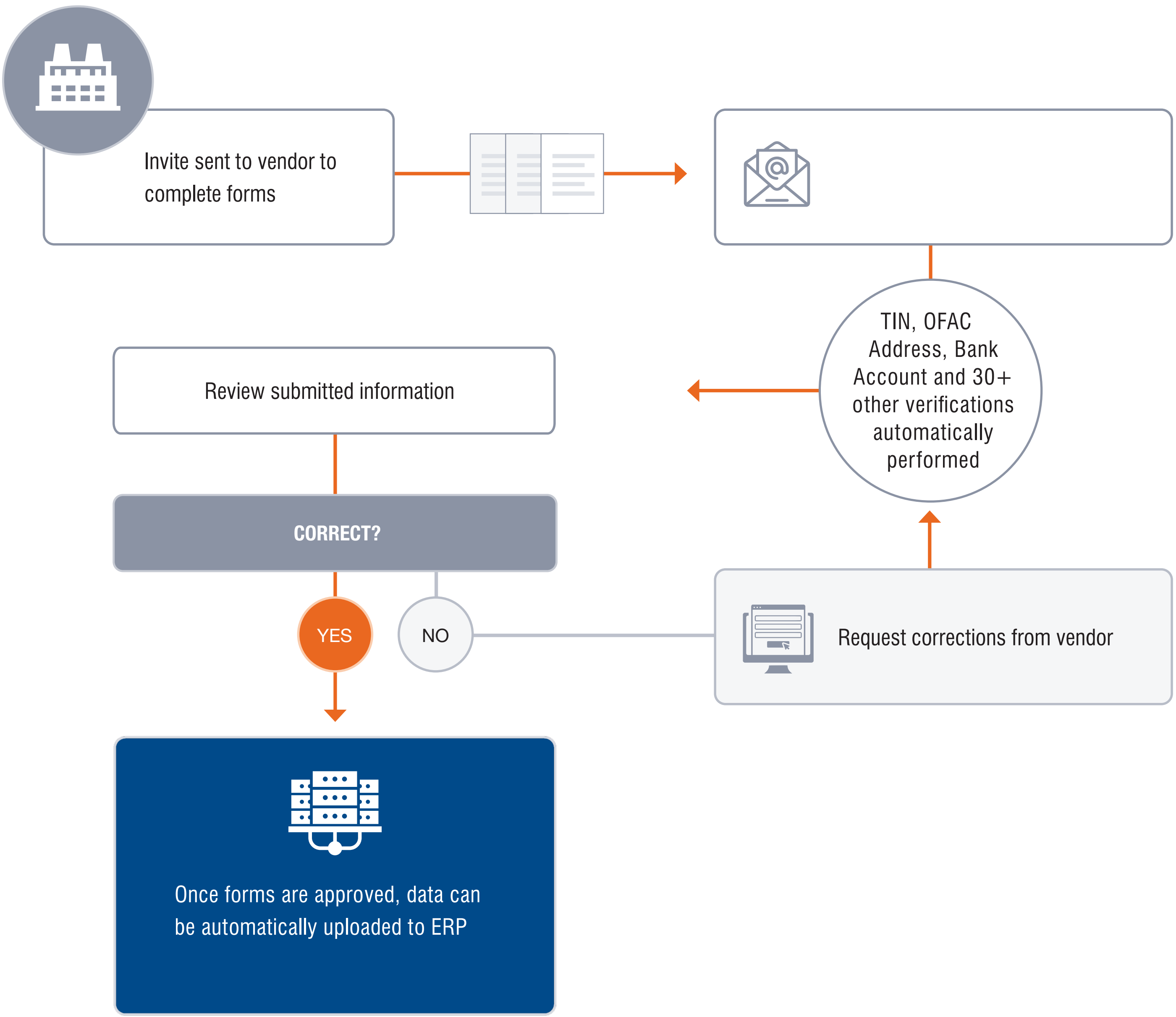
DataServ's Vendor Onboarding solution helps you move from a legacy system to a secure automated system to eliminate manual processes, ensure compliance and reduce risk. Clients can elect to automate everything or an individual module.

Vendor information forms, W-9s and W-8s, ACH/banking forms and other customized forms are completed on a secure portal, electronically signed, automatically verified and approved within the portal without emailing forms back and forth. And, once approved, data can be uploaded to the vendor master.

We will assign an Initialization team to fully understand your current processes, procedures, forms and vendor approval workflow, while tailoring the solution to meet your needs.

DataServ provides simplified, easy-to-use, convenient and secure Software-as-a-Service procedures that increase control, process visibility and efficiency across wide-ranging operations. Risk is reduced by standardizing procedures that ensure compliance, accuracy and activity tracking. Cost is reduced by streamlining and automating procedures, improving timeliness and eliminating paper and pdfs.

## DataServ Secure Verified Onboarding Process



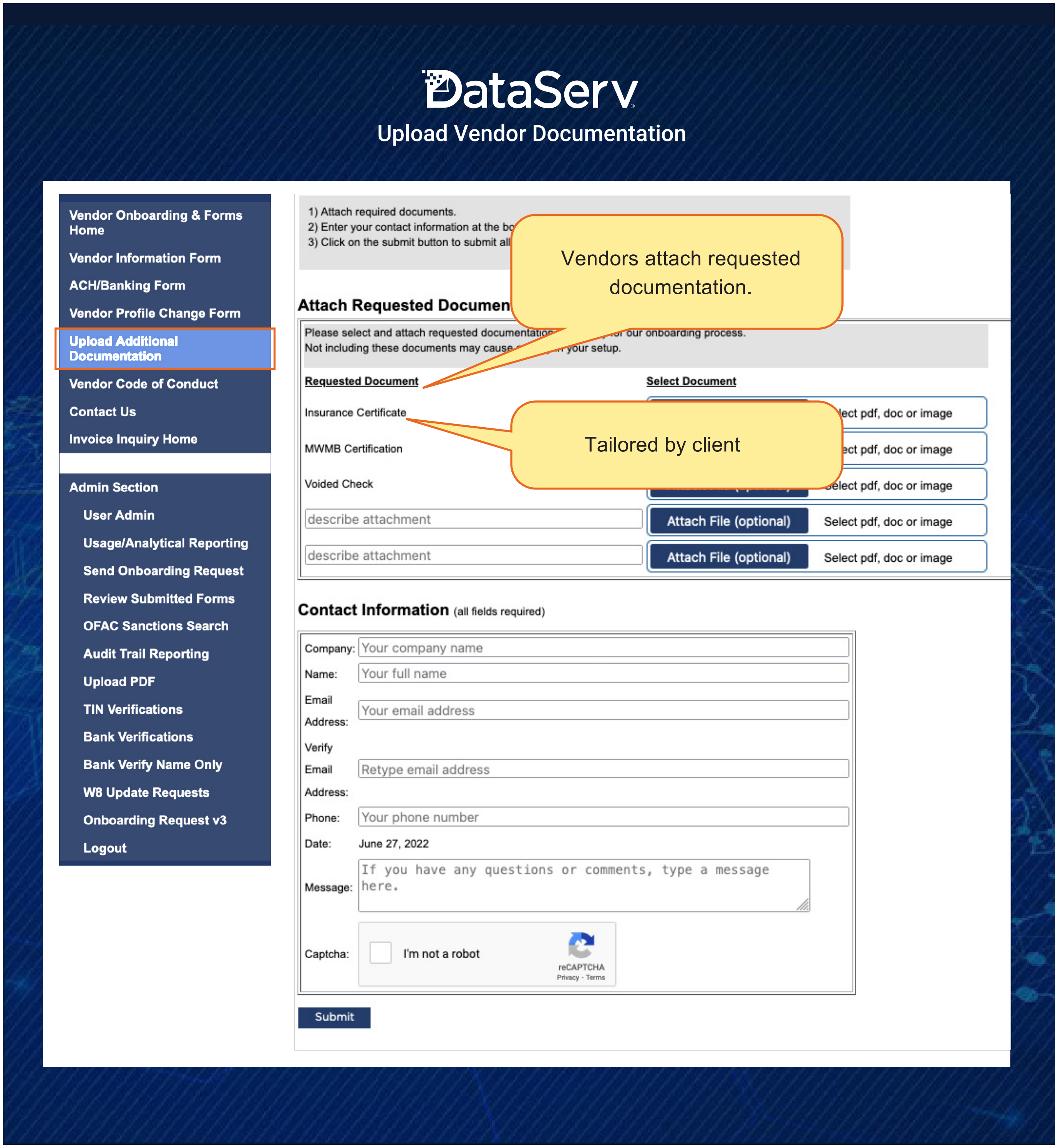
# DataServ Vendor Onboarding Overview

The following pages include examples of DataServ's features. Each vendor's instance is customized, designed and branded in partnership with them, including their logo, colors to match their existing website, vendor forms and workflow approval processes.

# Easier Communication with Vendors

## Send Onboarding Invitation

# Upload Documents



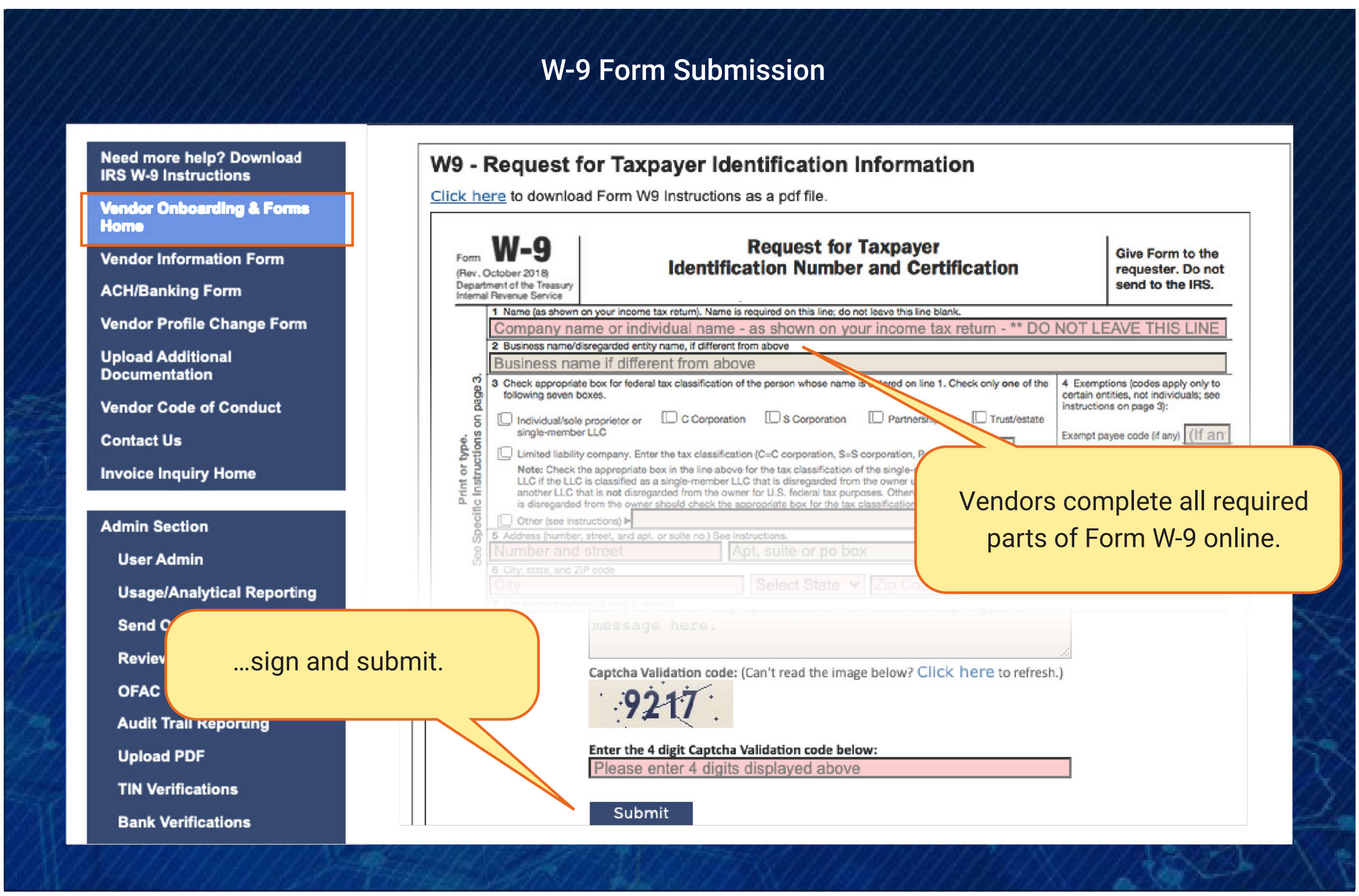
# Automated Forms

## W-9 Form

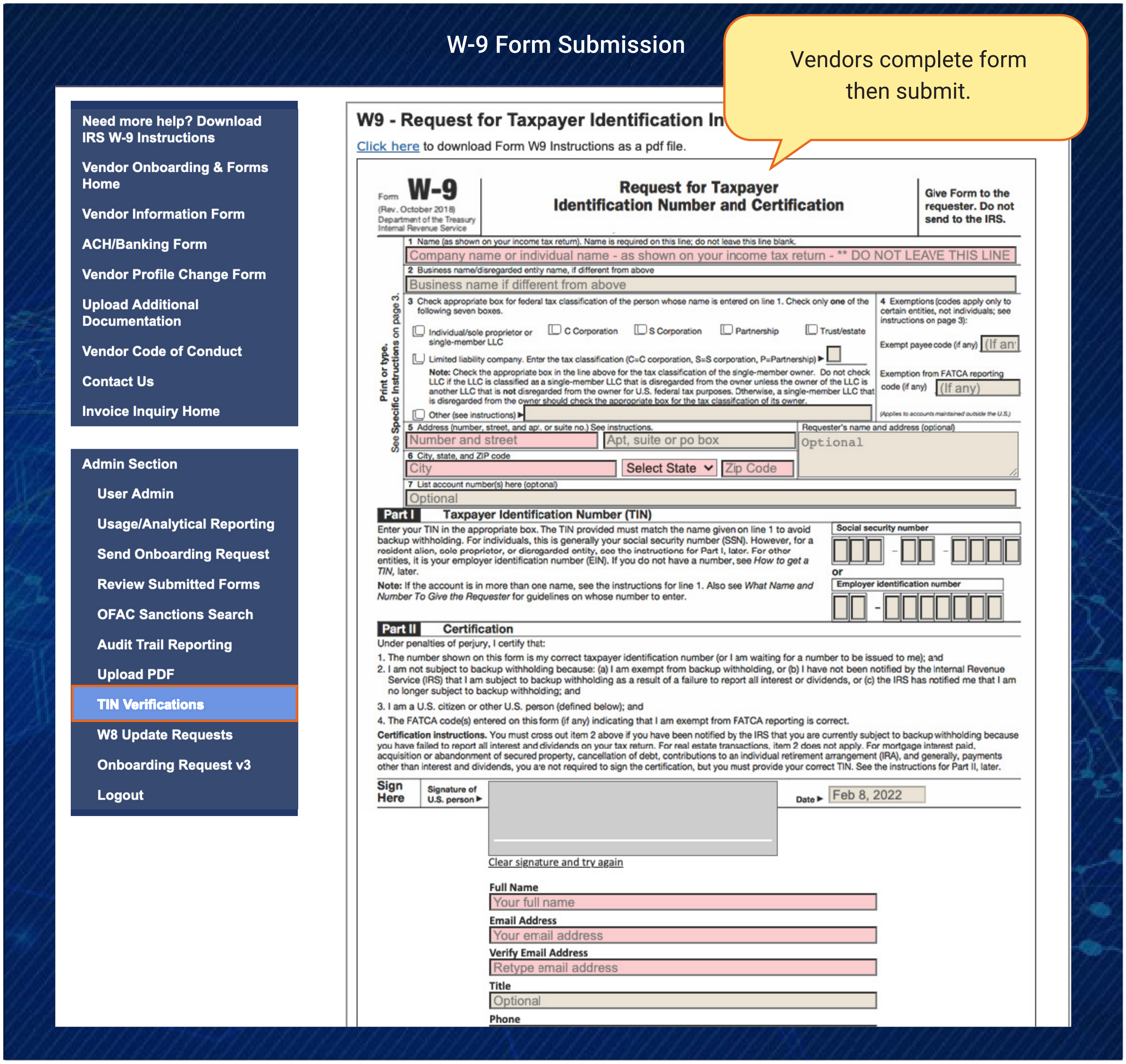
Compliance with tax laws requires gathering appropriate IRS forms from vendors that include tax identification numbers (TINs) and tax classification, then verifying those TINs. The best way to obtain the requisite information from a U.S. payee is to have the payee complete an IRS Form W-9 Request for Taxpayer Identification Number and Certification. In the case of non-resident aliens, the payee should complete the appropriate Form W-8 and/or Form 8233.

Once you have obtained a vendor's TIN, it is important to verify it. The wrong tax ID will generate an IRS Form CP2100 or CP2100-A. Starting the B-notice process causes you to notify the vendor, request a correct TIN and possibly begin backup withholding until the correct TIN is received. An incorrect TIN also may generate a proposed penalty notice, 972CG. This penalty notice is issued for late 1099 filings, but also for filing 1099s with missing or incorrect TINs. For instance, IRS penalties for filing incorrect information are hundreds of dollars each and rising, with no maximum limit.

When vendors complete a Form W-9 online at the DataServ portal, the vendor's name and TIN are automatically validated against IRS records.



# Vendor Completes W-9 and TIN Automatically Verified

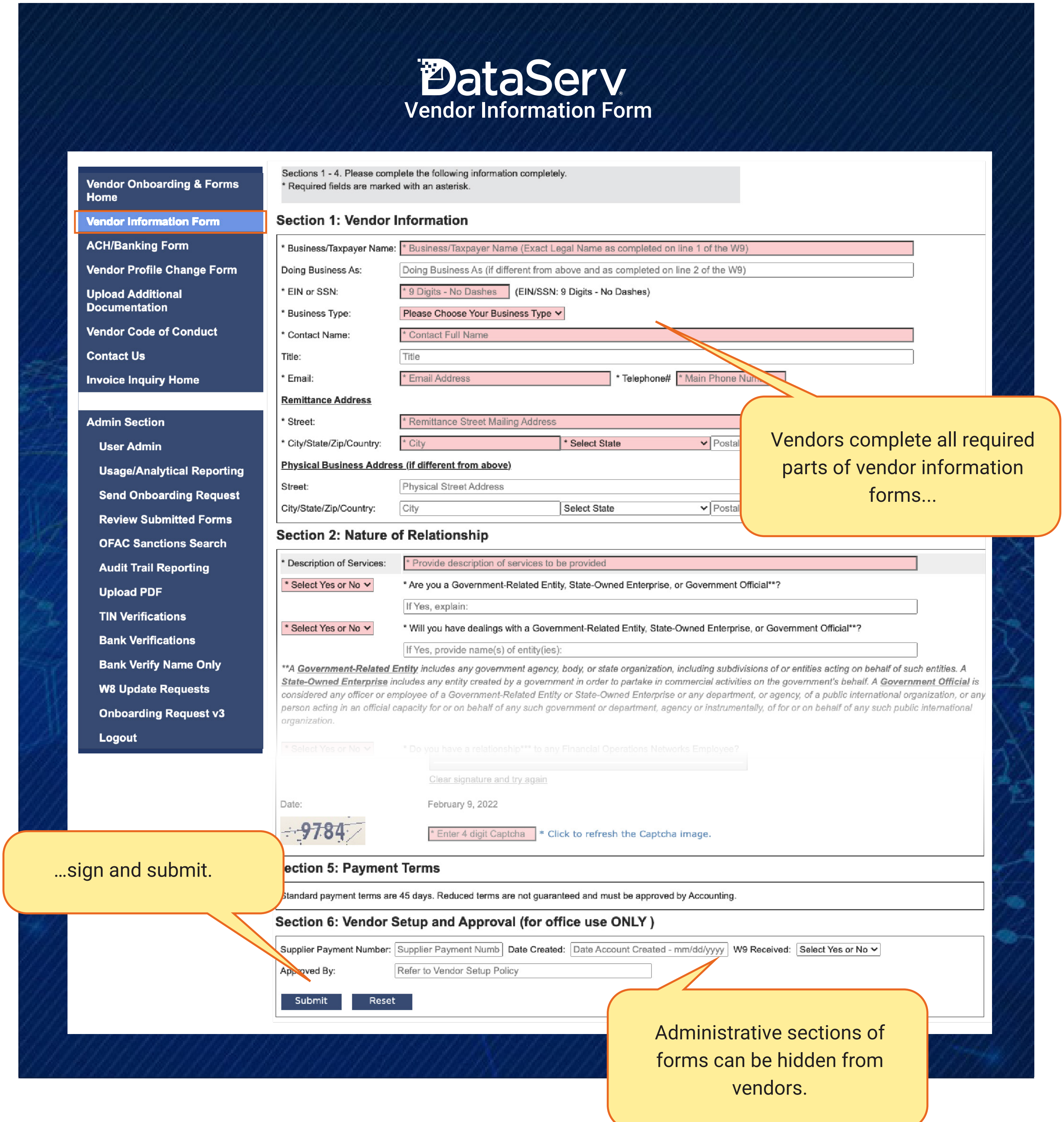


# Form W-8

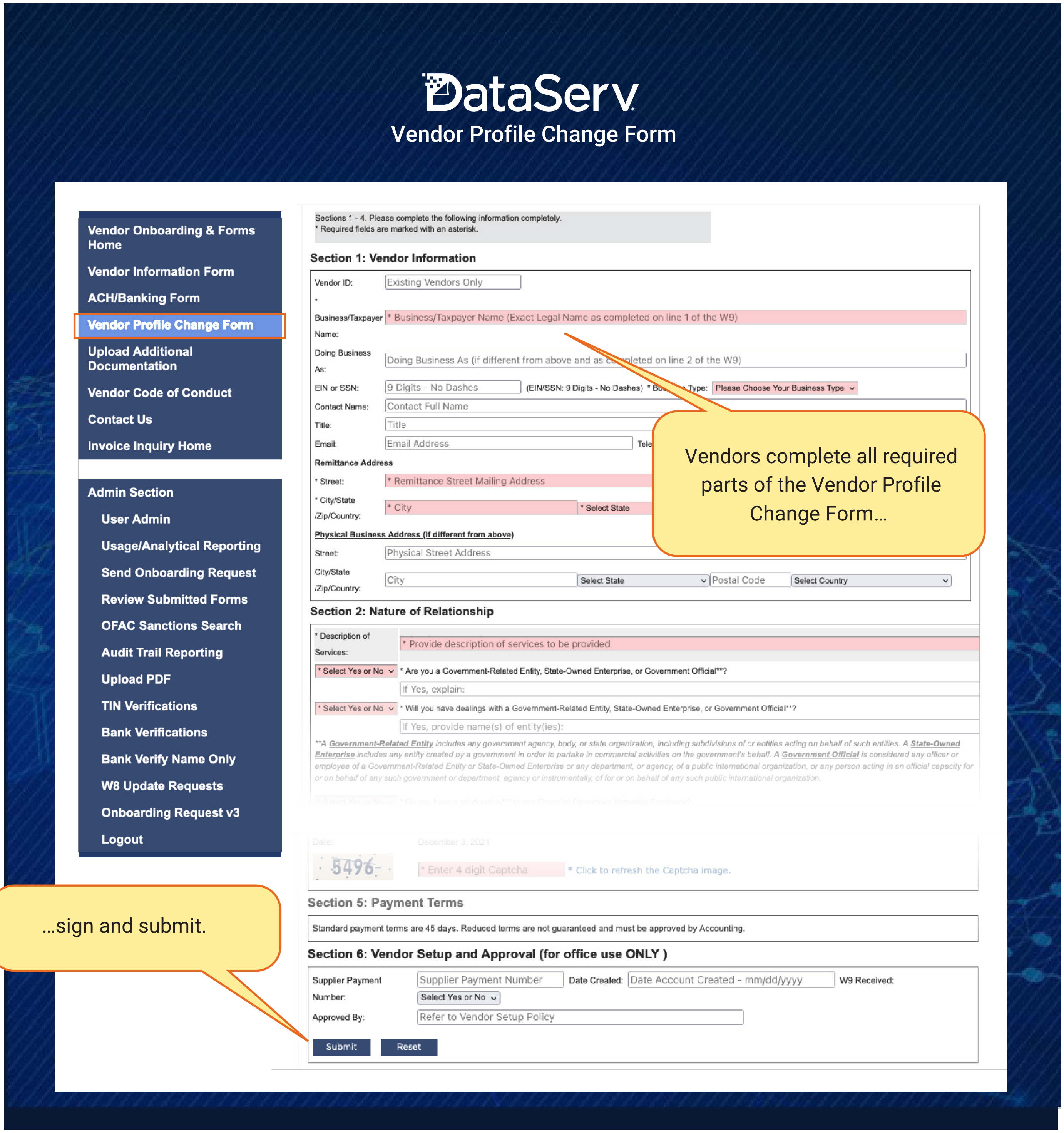
DataServ's W-8 Wizard directs non-U.S. vendors to the correct W-8 forms by asking questions that point the vendor to the correct form. Once they reach the appropriate W-8 form, the Wizard hides questions that are not required to be answered based on the answers to these questions.

## Fillable Forms That Fit Your Needs

You can use your own forms with fields and content that meet your needs.



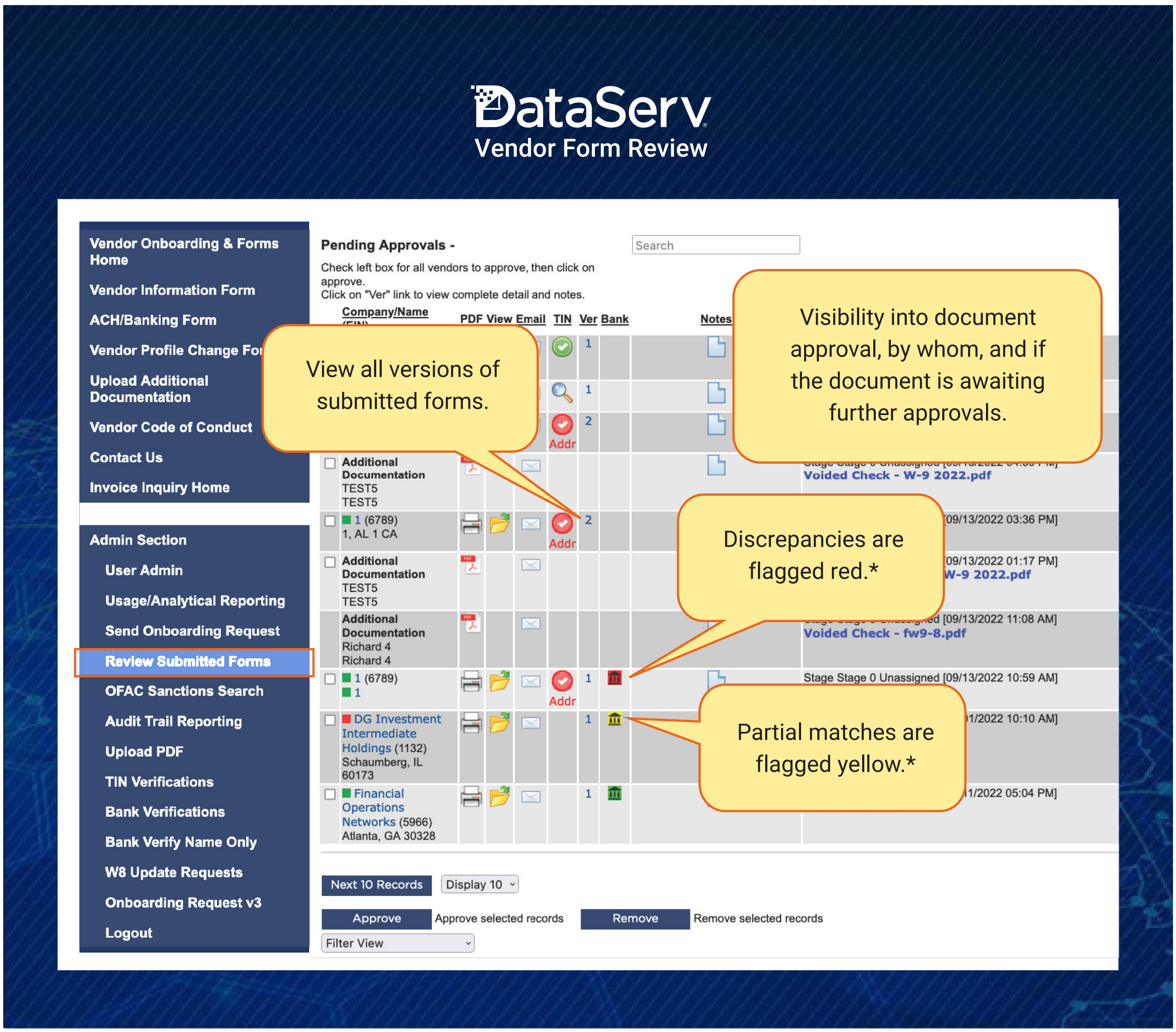
# Vendor Profile Change Form



# Vendor Verifications

## Vendor Form Review

Vendors are approved according to your vendor workflow approval rules. Vendor submitted information and verification results can be reviewed and documents can be returned for corrections. Vendor submitted documents and changes are retained.




* See page 13 for examples.

# Automated Bank Account Verification

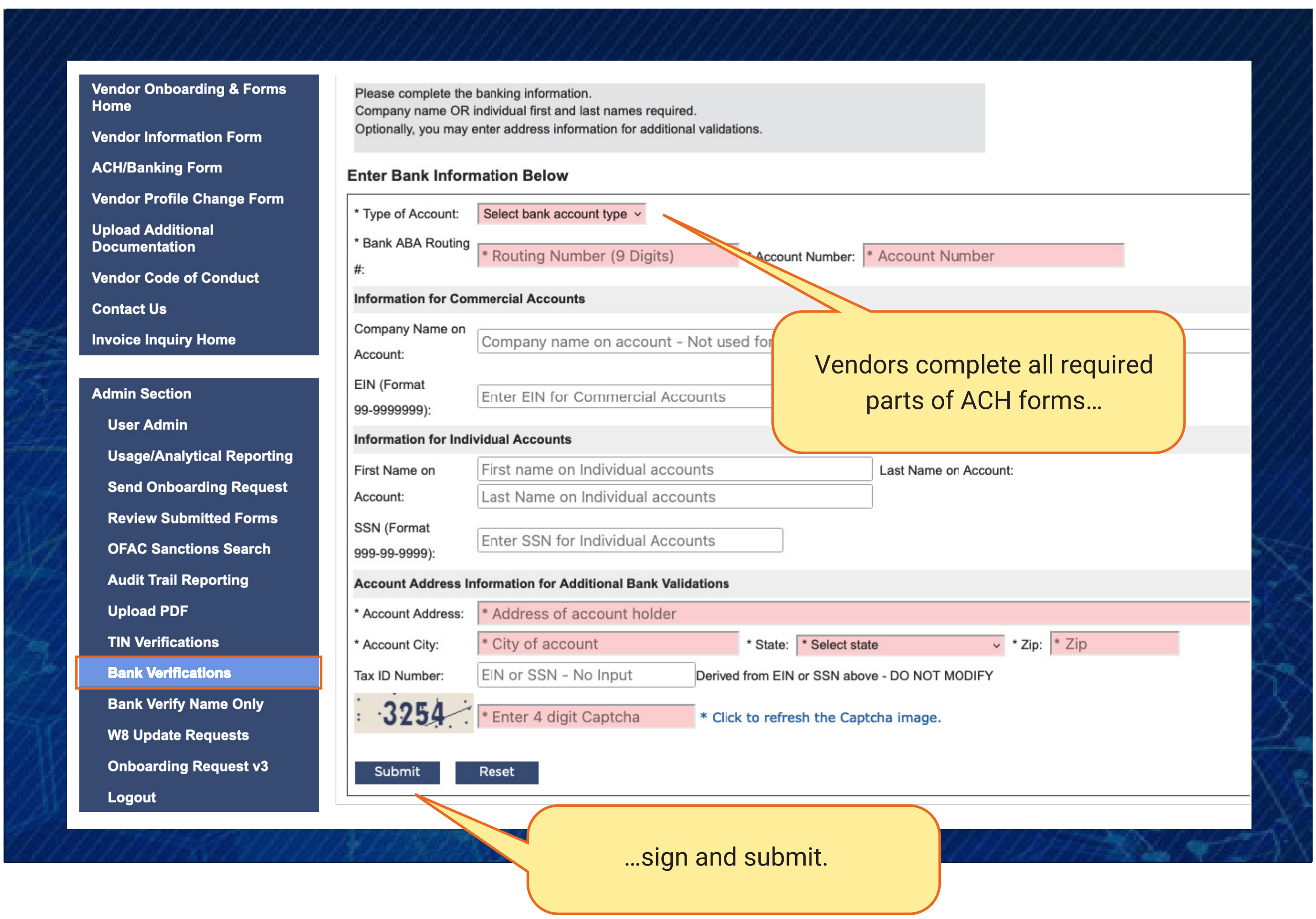
Through our partnerships, Early Warning and BNY Mellon to offer a real-time bank account solution to validate account numbers, routing numbers and to verify the owner of an account prior to sending a payment.

With recent advances in payments technology, it's never been more relevant to understand how fraud's evolving, and how to be better protected. In the most recent AFP Payments Fraud and Control Survey, as much as 82% of organizations have experienced attempted or actual payments fraud. Bank account validation mitigates fraudulent vendors and activities.

## What Information Is Validated?

The following information is validated:

- Bank Account Number
- Routing Number
- Account Name
- Address
- Tax Identification Number



# Vendor Form Review Page Samples

Green notes that Account owner information is an exact match.

**Routing Number/Bank Account Verification: VALID**

| | |
|---|---|
| Routing Number: | **061000227 - ACH**<br>WELLS FARGO BANK - MAC N9301-041<br>MINNEAPOLIS , MN 55479-0000 (800) 745-2426 |
| Account Number: | [redacted] |

**Account Owner Information: Match: ADDRESS, BUSNAME, CITY, TIN, STATE, ZIP**

| | |
|---|---|
| Company: | Financial Operations Networks *** Valid Match |
| Address: | 2100 RiverEdge Parkway *** Valic Match |
| City: | Atlanta *** Valid Match |
| State: | GA *** Valid Match |
| Zip: | 30328 *** Valid Match |
| TIN: | [redacted] *** Valid Match |
| Overall Score: | 98 - Match Likely |

**Transaction Details:**

| | |
|---|---|
| BANK Verify Date: | 2022-08-11 17:04:55 |
| Transaction ID: | 59117c7c-58fc-4dd5-9471-7a13f3f02353 |
| Reference ID: | 999998-1119 |
| Request Status: | COMPLETED - Request processing completed. |

Yellow notes that owner information is a partial match.

**Routing Number/Bank Account Verification: VALID**

| | |
|---|---|
| Routing Number: | **071000013 - ACH**<br>JPMORGAN CHASE BANK, NA - 10430 HIGHLAND MANOR DRIVE<br>TAMPA , FL 33610-0000 (800) 677-7477<br><br>**071000013 - WIRE**<br>JPMORGAN CHASE BANK, NA - JPMCHASE ILLINOIS - CHICAGO , IL |
| Account Number: | [redacted] |

**Account Owner Information: Match: ADDRESS, CITY, STATE, ZIP Warning: BUSNAME Unknown: TIN**

| | |
|---|---|
| Company: | DG Investment Intermediate Holdings *** Warning |
| Address: | One Commerce Drive *** Valid Match |
| City: | Schaumberg *** Valid Match |
| State: | IL *** Valid Match |
| Zip: | 60173 *** Valid Match |
| TIN: | [redacted] *** Unknown |
| Overall Score: | 56 - Probably Not A Match |

**Transaction Details:**

| | |
|---|---|
| BANK Verify Date: | 2022-09-01 10:10:49 |
| Transaction ID: | 3f709286-66b7-43ec-b2fd-8d2fa0457886 |
| Reference ID: | 999998-1130 |
| Request Status: | COMPLETED - Request processing completed. |

Red notes that owner has discrepancies.

**Routing Number/Bank Account Verification: ERROR Invalid ABA/RT**

| | |
|---|---|
| Routing Number: | 123456789 Invalid ABA/RT |
| Account Number: | 123456789 Invalid ABA/RT |

**Account Owner Information: ERROR Invalid ABA/RT**

| | |
|---|---|
| Company: | 1 |
| Address: | |
| City: | |
| State: | |
| Zip: | |
| TIN: | [redacted] |

**Transaction Details:**

| | |
|---|---|
| BANK Verify Date: | 2022-09-13 14:48:06 |
| Transaction ID: | e832a312-1bf3-49c1-b30a-375e41f0db93 |
| Reference ID: | 999998-1152 |
| Request Status: | COMPLETED - Request processing completed. |

# Verification Modules:

## Vendor information is verified against the following databases:

### IRS TIN/Name Matching

*Internal Revenue Service*

This verification process, for both EIN and SSN numbers, ensures that payers file accurate payee TIN/Name combinations reducing or eliminating yearly IRS TIN/Name discrepancy penalties (B-Notices, CP2100(A)s, 972CGs). The IRS can assess penalties of up to $1,500,000 ($500,000 for businesses) for non-compliance. In the event of intentional disregard, there is no limit.

### EIN/Name Lookup System

*IRS Issued EINs*

This lookup process will retrieve the company name that is associated with a given EIN number. This lookup works for Corporations, Sole Proprietors, Partnerships, Trusts, Estates, and Limited Liability Companies. It does not return individual names from Social Security Numbers (SSNs). This lookup is very useful for getting the correct company name that was identified as a mismatch by the IRS TIN Matching process.

### Specially Designated Nationals

*Office of Foreign Assets Control*

Unlike IRS penalties for TIN/Name discrepancy, payers neglecting to verify the Office of Foreign Assets Control (OFAC) lists open themselves up to civil, as well as criminal penalties. OFAC non-compliance carries civil penalties of up to $1,000,000 per violation plus criminal fines of up to $10,000,000 and imprisonment ranging from 10 to 30 years.

### Foreign Sanctions Evaders

*Office of Foreign Assets Control*

OFAC publishes a list of foreign individuals and entities determined to have violated, attempted to violate, conspired to violate or caused a violation of U.S. sanctions. Transactions by U.S. persons or within the United States involving FSEs are prohibited.

### Death Master File

*Social Security Administration*

The DMF is a continually updated list of all known deceased individuals. It is used by the financial industry as well as government agencies to prevent identity fraud. IRS TIN/Name Matching does not discern whether or not a payee is deceased. For some payers, knowing whether they are paying a deceased individual is prudent. Checking payees against the Death Master File gives the payer community the ability to identify and prevent fraud.

### Denied Persons List

*Department of Commerce*

The DPL is a list created by the U.S. Department of Commerce of individuals and entities that have been denied export privileges. Any dealings with a party on this list that would violate the terms of its denial order is strictly prohibited. Violation can result in a civil penalty amounting to the greater of $250,000 or twice the value of the transaction for each violation. For criminal violations, violators may be fined up to $1,000,000 and/or face up to 20 years of imprisonment.

### Excluded Parties List System

*General Services Administration*

The Excluded Parties List System, which is now part of the System for Awards Management (SAM), includes companies that have been debarred, suspended, excluded or disqualified from receiving Federal contracts, subcontracts, assistance and benefits. Government agencies and contractors are required to check this list to validate vendors and/or payees are in good standing with the federal government.

## Excluded Individuals and Entities

*Office of Inspector General, Health & Human Services* In the health-care industry, anyone who hires an individual, entity or contractor on the LEIE may be subject to civil monetary penalties (CMP) by the OIG ranging into the millions of dollars. To avoid CMP liability, health-care entities need to routinely check the LEIE to ensure that new hires, current employees or contractors are not on the excluded list.

## Designated Foreign Terrorist Organizations

*Department of State*

Foreign Terrorist Organizations (FTOs) are foreign organizations that are designated by the Secretary of State in accordance with section 219 of the Immigration and Nationality Act (INA).

## Politically Exposed People

*Central Intelligence Agency*

A quarterly updated list compiled by the CIA of Chiefs of State and Cabinet Members of Foreign Governments.

## FBI Wanted Lists

*Federal Bureau of Investigation, Department of Justice*

Verified vendor against the following lists: Criminal Enterprises, Cyber Crimes, White Collar Crimes, Violent Crimes, Crime Alerts, Crimes Against Children, Domestic Terrorism, Top Ten Fugitives, Most Wanted Terrorists, etc.

## Address Validation

*United States Postal Service*

Automatically validate an address (if provided) using the USPS Address Validation and Normalization Database to insure the most accurate and up-to-date address information.

## Global Intermediary Identification Number

*Internal Revenue Service*

Automatically validate a Global Intermediary Identification Number (GIIN) against the most up-to-date IRS information. A GIIN is a 19-digit identification number that is instrumental in the United States' new FATCA legislation. Any Foreign Financial Institution (FFI) will undoubtedly need to validate all GIIN information before reporting the upcoming FATCA Form 8966.

## Casino Banned Patron Lists

*U.S. States and Municipalities*

State and local level banned patron lists for casinos and gaming enterprises.

## IRS Exempt Organizations

*Department of Treasury, Internal Revenue Service* Verify exempt organizations and check certain information about their federal tax status and filings.

## EU Sanctions List

*European Union External Action Service*

EU sanctions are imposed by resolutions adopted by the UN Security Council under Chapter VII of the UN Charter. The application of UN financial sanctions constitutes an obligation for both the public and private sector.

## Arms Export Control Act

*U.S. Department of State, Directorate of Defense Trade Controls*

The Arms Export Control Act (AECA) provides the authority to control the export of defense articles and services. Criminal and civil penalties of up to $500,000 for each violation involving controls imposed on the export of defense articles and defense services under this section.

## Sectoral Sanctions Identifications

*Department of Treasury, Office of Foreign Assets Control*

OFAC publishes a list to identify persons operating in sectors of the Russian economy identified by the Secretary of the Treasury pursuant to Executive Order 13662. Directives found within the list describe prohibitions on dealings with the persons identified.

## Unverified List

*Department of Commerce, Bureau of Industry and Security*

Restrictions on exports, reexports and transfers (in-country) to persons listed on the UVL are set forth in Section 744.15 of the Export Administration Regulations.

## Entity List

*Department of Commerce, Bureau of Industry and Security*

Entities that have engaged in activities that could result in an increased risk of the diversion of exported, reexported and transferred (in-country) items of weapons of mass destruction, activities sanctioned by the State Department and activities contrary to U.S. national security and/or foreign policy interests.

## Palestinian Legislative Council

*Department of Treasury, Office of Foreign Assets Control*

Terrorism sanction regulations require U.S. financial institutions to reject transactions with members of the Palestinian Legislative Council (PLC) that were elected to the PLC on the party slate of Hamas.

## Ukraine-Russia Related Sanctions

*Department of Treasury, Office of Foreign Assets Control* The Ukraine-Russia related sanctions program represents the implementation of multiple legal authorities. Some of these authorities are in the form of an executive order issued by the President. Other authorities are public laws (statutes) passed by Congress.

## Foreign Financial Institutions Subject 561

*Department of Treasury, Office of Foreign Assets Control* U.S. financial institutions are prohibited from opening or maintaining a correspondent account or a payable-through account for certain foreign financial institution(s), pursuant to 31 C.F.R. Section 561.201(c).

## Iranian Sanctions Act

*Department of Treasury, Office of Foreign Assets Control* The Act targets both U.S. and non-U.S. businesses making certain investments in Iran. Penalties for violations include fines of up to $1,000,000 or imprisonment of up to 20 years, or both.

## Iran-Syria Nonproliferation Act

*U.S. Department of State*

This Act targets foreign individuals, private entities and governments that provide material aid to weapons of mass destruction programs in Iran and Syria.

## SAM/OIG

GSA administers SAM which contains debarment actions taken by various Federal agencies, including exclusion actions taken by OIG. OIG has the authority to exclude individuals and entities from federally funded health-care programs pursuant to section 1128 of the Social Security Act and maintains a list of all currently excluded individuals and entities called the list of Excluded Individuals/Entities (LEIE). Anyone who hires an individual or entity on the LEIE may be subject to civil monetary penalties.

## UK Sanctions List

The UK government publishes the UK sanctions list, which provides details of those designated under regulations made under the Sanctions Act. The Office of Financial Sanctions Implementation (OFSI) publishes a list of all those subject to financial sanctions imposed by the UK which it keeps updated.

## Interpol Most Wanted

Interpol's Most Wanted list is called the Red Notices – which are issued for global fugitives.

## United Nations Consolidated

The Consolidated List includes all individuals and entities subject to measures imposed by the Security Council. The inclusion of all names on one Consolidated List is to facilitate the implementation of the measures, and neither implies that all names are listed under one regime, nor that the criteria for listing specific names are the same. For each instance where the Security Council has decided to impose measures in response to a threat, a Security Council Committee manages the sanctions regime. Each sanctions committee established by the United Nations Security Council therefore publishes the names of individuals and entities listed in relation to that committee, as well as information concerning the specific measures that apply to each listed name.

## Consolidated Sanctions List (Non-SDN Lists)

In order to make it easier to comply with OFAC's sanctions regulations, the office offers all of its non-SDN sanctions lists in a consolidated set of data files "the Consolidated

Sanctions List." These consolidated files comply with all OFAC's existing data standards

## Canada Justice Laws (CJL) Consolidated Regulations

The Justice Laws Website provides an official consolidation, or updated version, of the federal Acts and regulations maintained by the Department of Justice as a convenient way for the public to view the state of the law, without having to carry out research and put together the various amended provisions.

## Canada Justice Laws (CJL) Special Economic Measures Act

This act provides for the imposition of special economic measures.

## Canada Justice Laws (CJL) Freezing Assets of Corrupt Foreign Officials Act

An Act to provide for the taking of restrictive measures in respect of the property of officials and former officials of foreign states and of their family members.

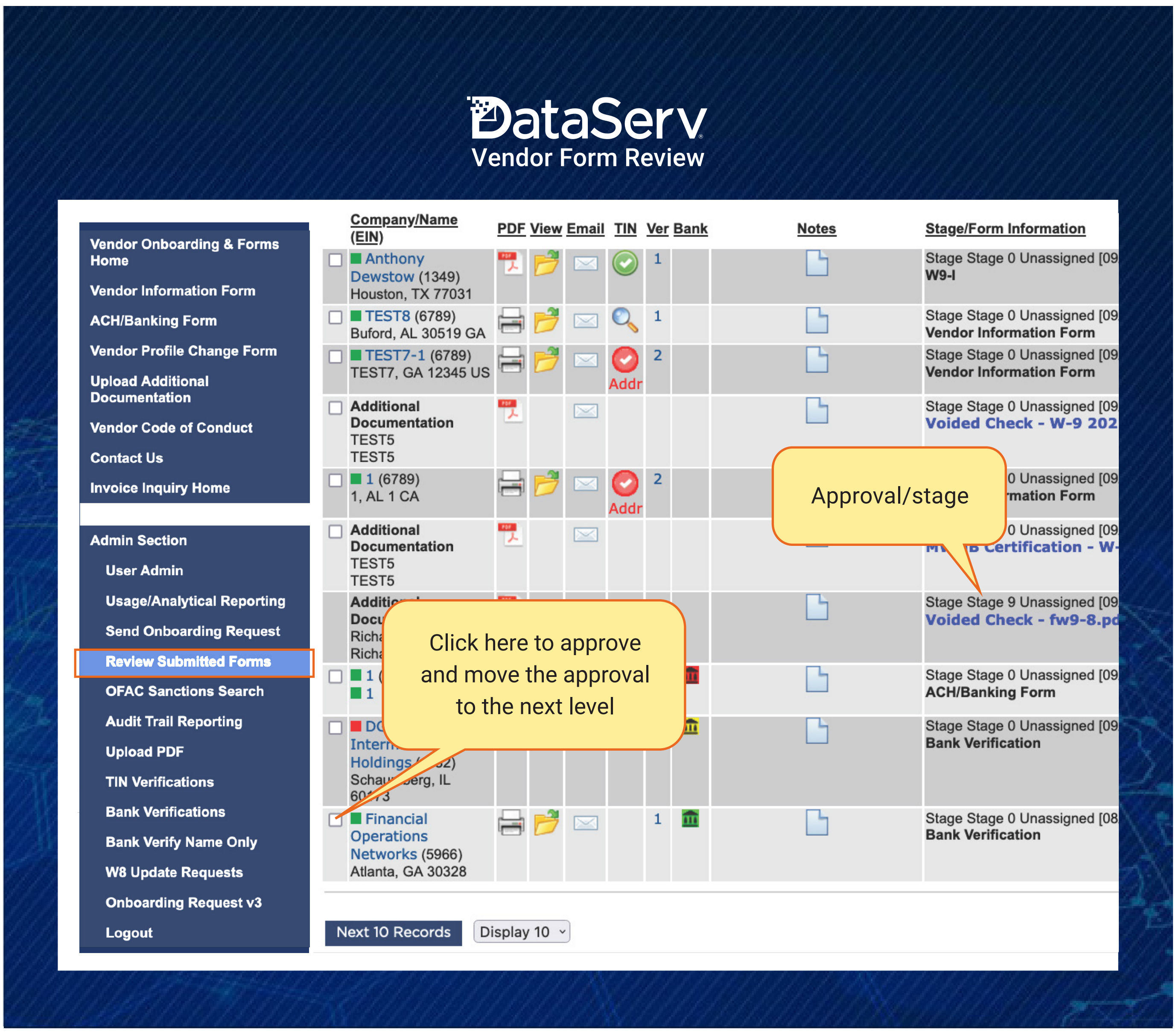
## U.S. Commodity Administrative & Reparations Sanctions

Commodity Futures Trading Commission (CFTC) disciplinary history is made available as part of the agency's ongoing effort to protect market participants and the public from fraud, manipulation and abusive practices. CFTC disciplinary history available includes Reparations Sanctions in Effect and Administrative Sanctions in Effect.

# Vendor Approval Workflow

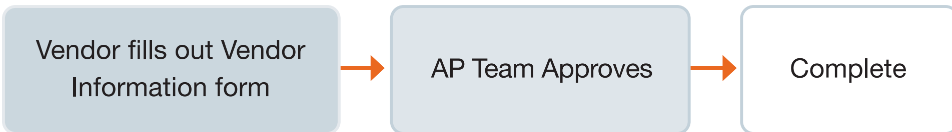
Once forms have been completed, submitted and verified, they are ready to be approved. The DataServ team will work with you to gain understanding of your approval workflow for each form that is completed on the portal. Vendor forms can have different approval paths based on their answers to questions on forms.

Each approver can be notified of new forms that need to be approved. Once approved, the form will move on for approval by the next approval level until it reaches the final stage.

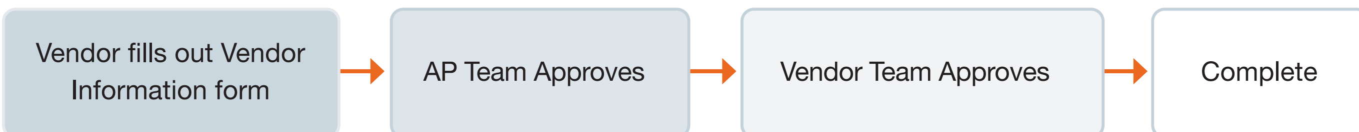


# Workflow Examples

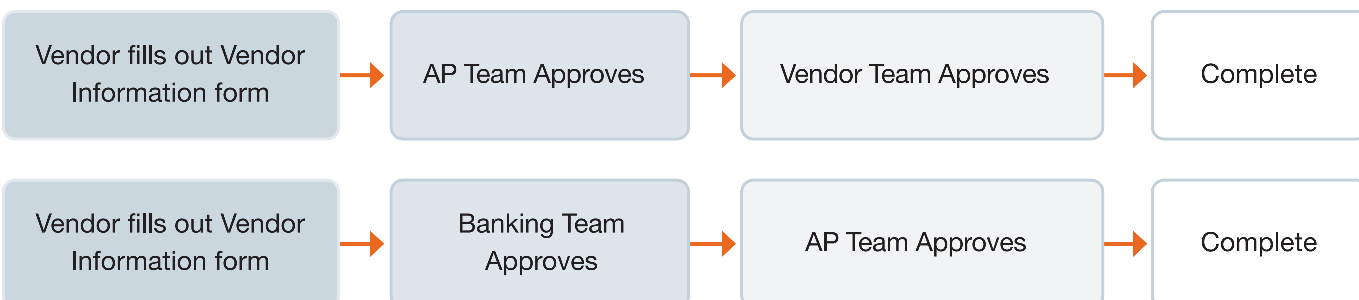
## ONE WORKFLOW ONE PATH ONE LEVEL



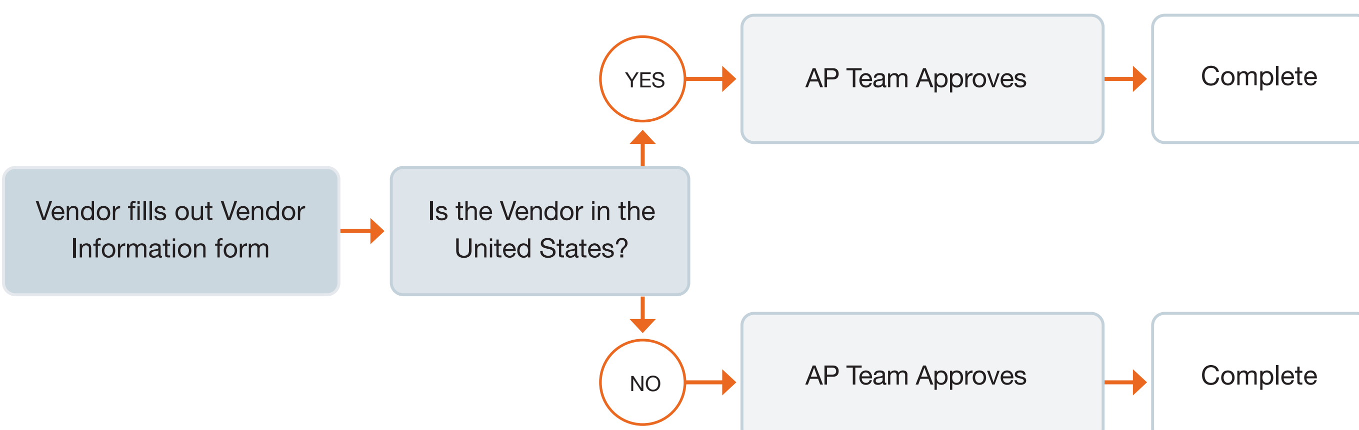

## ONE WORKFLOW ONE PATH TWO LEVELS




## TWO WORKFLOWS ONE PATH TWO LEVELS



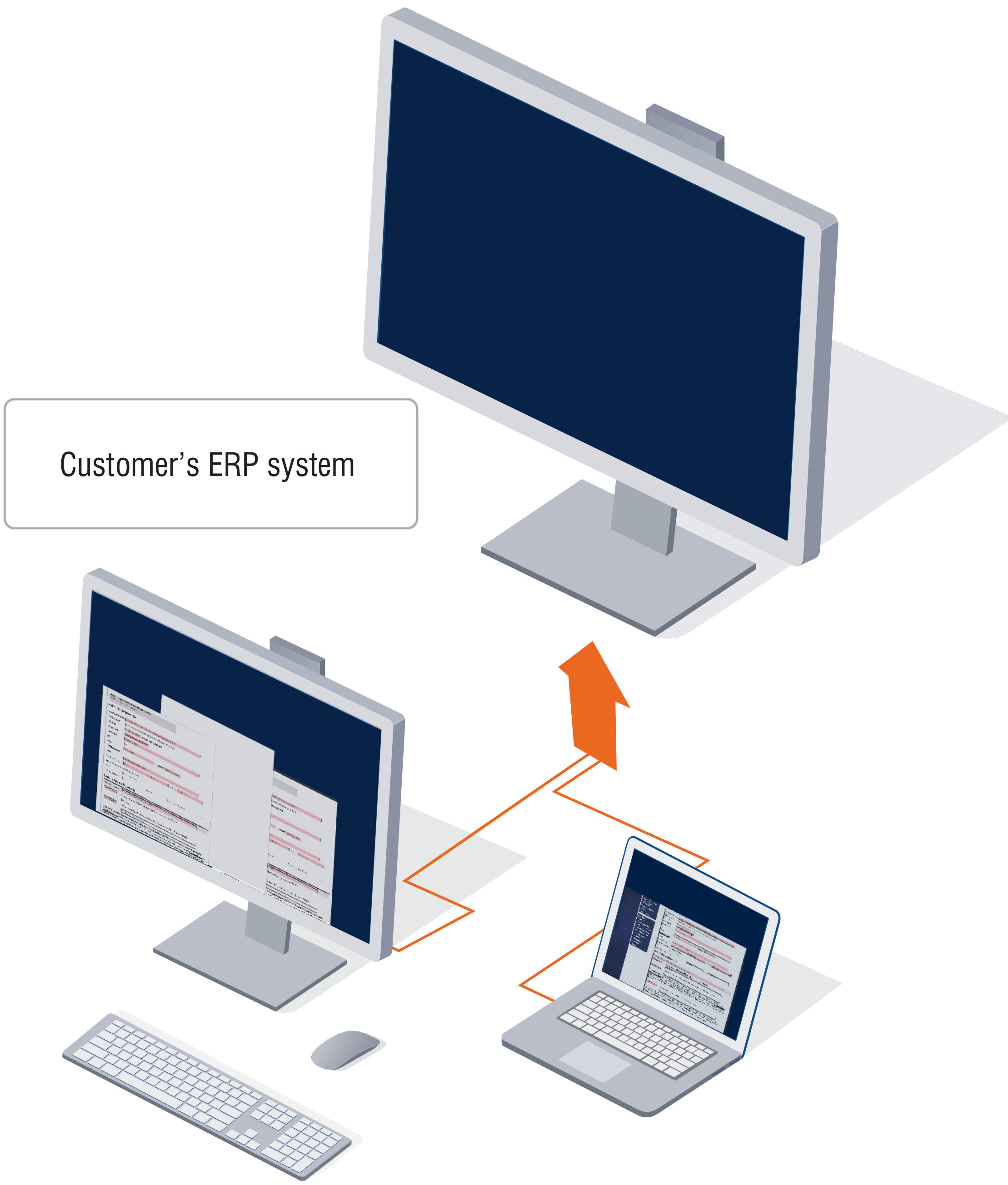

## ONE WORKFLOW TWO PATHS



# Vendor Form Output

## Automated Output to ERP/Vendor Master File

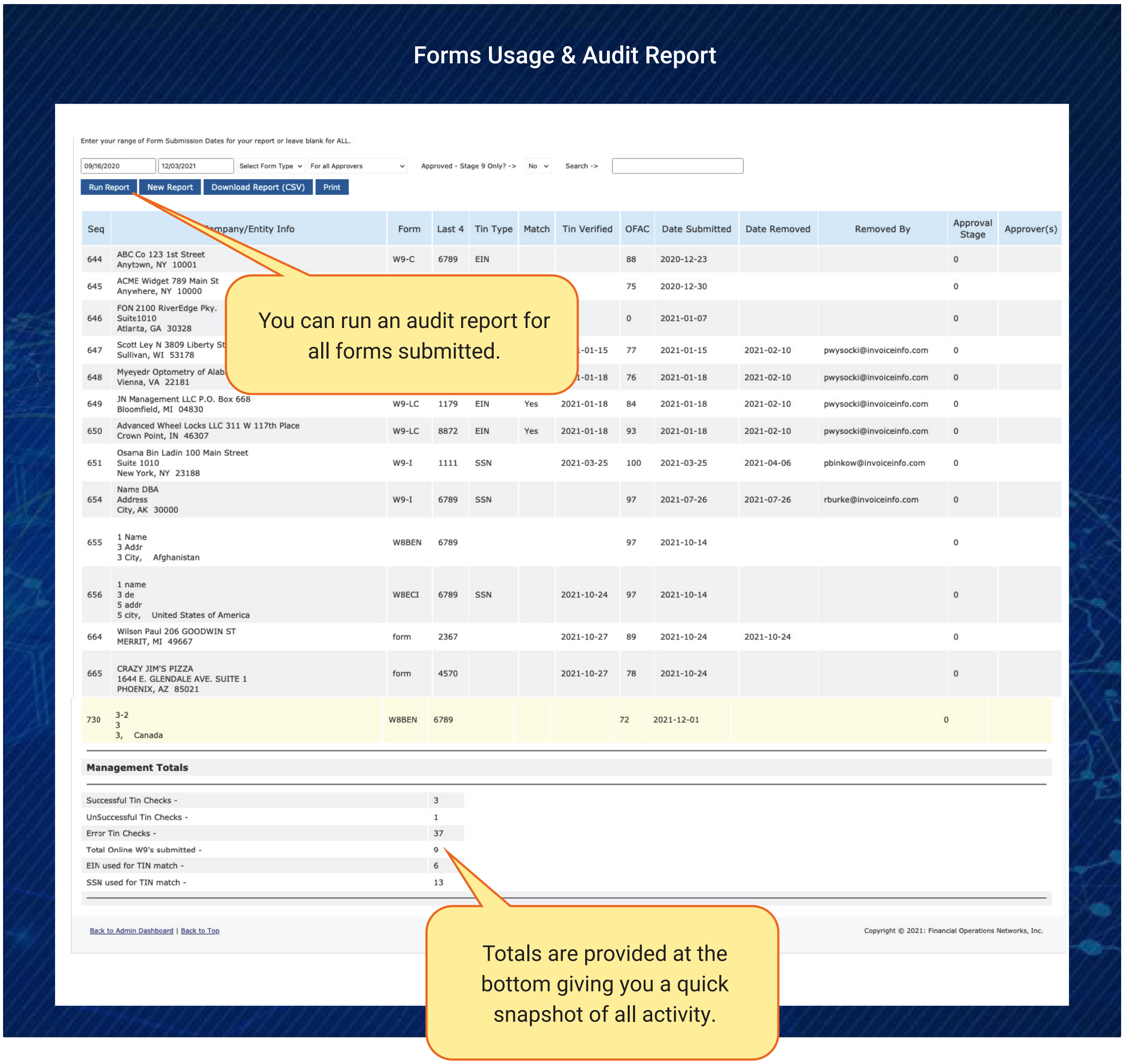
Once vendor forms have been approved by all levels, you have the option to automatically upload the data into your master file/ERP system.



# Reporting

## Example of Vendor Audit Trail Reporting

All transactions/activities within DataServ are recorded and reported in the auditor-friendly Forms Usage & Audit Report.




Forms Usage & Audit Report

Enter your range of Form Submission Dates for your report or leave blank for ALL.

09/16/2020 | 12/03/2021 | Select Form Type | For all Approvers | Approved - Stage 9 Only? -> No | Search ->

Run Report | New Report | Download Report (CSV) | Print

| Seq | mpany/Entity Info | Form | Last 4 | Tin Type | Match | Tin Verified | OFAC | Date Submitted | Date Removed | Removed By | Approval Stage | Approver(s) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 644 | ABC Co 123 1st Street<br>Anytown, NY 10001 | W9-C | 6789 | EIN | | | 88 | 2020-12-23 | | | 0 | |
| 645 | ACME Widget 789 Main St<br>Anywhere, NY 10000 | | | | | | 75 | 2020-12-30 | | | 0 | |
| 646 | FON 2100 RiverEdge Pky.<br>Suite1010<br>Atlarta, GA 30328 | | | | | | 0 | 2021-01-07 | | | 0 | |
| 647 | Scott Ley N 3809 Liberty St<br>Sullivan, WI 53178 | | | | | -01-15 | 77 | 2021-01-15 | 2021-02-10 | pwysocki@invoiceinfo.com | 0 | |
| 648 | Myeyedr Optometry of Alab<br>Vienna, VA 22181 | | | | | 1-01-18 | 76 | 2021-01-18 | 2021-02-10 | pwysocki@invoiceinfo.com | 0 | |
| 649 | JN Management LLC P.O. Box 668<br>Bloomfield, MI 04830 | W9-LC | 1179 | EIN | Yes | 2021-01-18 | 84 | 2021-01-18 | 2021-02-10 | pwysocki@invoiceinfo.com | 0 | |
| 650 | Advanced Wheel Locks LLC 311 W 117th Place<br>Crown Point, IN 46307 | W9-LC | 8872 | EIN | Yes | 2021-01-18 | 93 | 2021-01-18 | 2021-02-10 | pwysocki@invoiceinfo.com | 0 | |
| 651 | Osama Bin Ladin 100 Main Street<br>Suite 1010<br>New York, NY 23188 | W9-I | 1111 | SSN | | 2021-03-25 | 100 | 2021-03-25 | 2021-04-06 | pbinkow@invoiceinfo.com | 0 | |
| 654 | Name DBA<br>Address<br>City, AK 30000 | W9-I | 6789 | SSN | | | 97 | 2021-07-26 | 2021-07-26 | rburke@invoiceinfo.com | 0 | |
| 655 | 1 Name<br>3 Addr<br>3 City, Afghanistan | W8BEN | 6789 | | | | 97 | 2021-10-14 | | | 0 | |
| 656 | 1 name<br>3 de<br>5 addr<br>5 city, United States of America | W8ECI | 6789 | SSN | | 2021-10-24 | 97 | 2021-10-14 | | | 0 | |
| 664 | Wilson Paul 206 GOODWIN ST<br>MERRIT, MI 49667 | form | 2367 | | | 2021-10-27 | 89 | 2021-10-24 | 2021-10-24 | | 0 | |
| 665 | CRAZY JIM'S PIZZA<br>1644 E. GLENDALE AVE. SUITE 1<br>PHOENIX, AZ 85021 | form | 4570 | | | 2021-10-27 | 78 | 2021-10-24 | | | 0 | |
| 730 | 3-2<br>3<br>3, Canada | W8BEN | 6789 | | | | 72 | 2021-12-01 | | | 0 | |

**Management Totals**

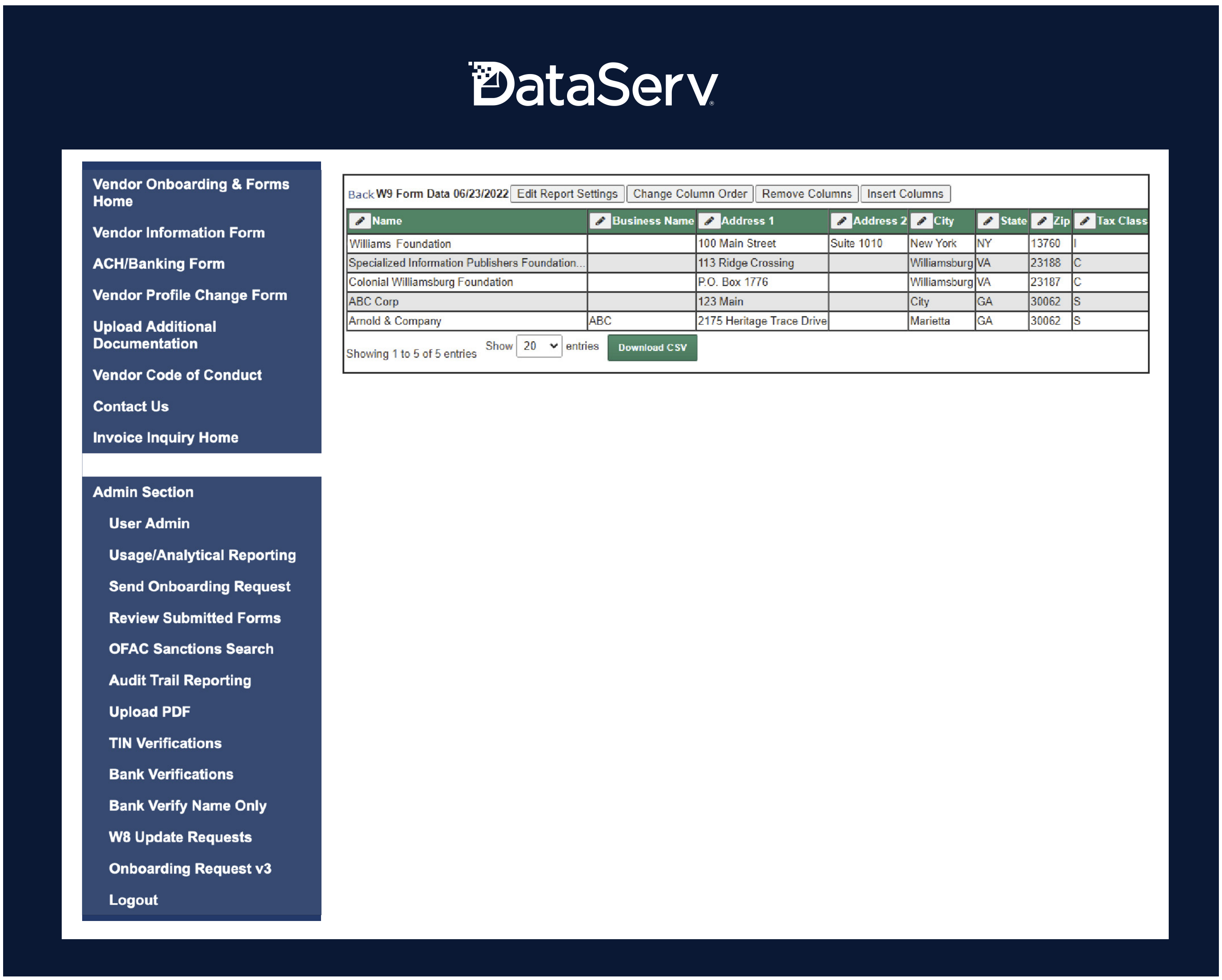
| Management Totals | |
|---|---|
| Successful Tin Checks - | 3 |
| UnSuccessful Tin Checks - | 1 |
| Error Tin Checks - | 37 |
| Total Online W9's submitted - | 9 |
| EIN used for TIN match - | 6 |
| SSN used for TIN match - | 13 |

Back to Admin Dashboard | Back to Top

# Data View

## Custom Report Writer

In addition to the Audit Trail Reporting, you can create your own custom reports using the Data View tool using all the data fields collected in the various vendor forms.




| Name | Business Name | Address 1 | Address 2 | City | State | Zip | Tax Class |
|---|---|---|---|---|---|---|---|
| Williams Foundation | | 100 Main Street | Suite 1010 | New York | NY | 13760 | I |
| Specialized Information Publishers Foundation... | | 113 Ridge Crossing | | Williamsburg | VA | 23188 | C |
| Colonial Williamsburg Foundation | | P.O. Box 1776 | | Williamsburg | VA | 23187 | C |
| ABC Corp | | 123 Main | | City | GA | 30062 | S |
| Arnold & Company | ABC | 2175 Heritage Trace Drive | | Marietta | GA | 30062 | S |