



TO: Financial Managers and Accounting Personnel
FROM: Calvin McKelvogue, COO, State Accounting Enterprise
DATE: December 6, 2010
SUBJECT: Upcoming Changes

This memo addresses upcoming changes in 1099 reporting and warrant creation.

1099 Reporting

The Federal Government is making sweeping changes to 1099 reporting beginning January 1, 2012. Over the past several years, the Department of Administrative Services – State Accounting Enterprise (DAS-SAE) has been reviewing and commenting on these changes. The changes include the issuance of 1099's for goods and services over \$600 in a calendar year instead of the \$600 threshold on services only as well as the new 3% withholding requirement on all payments over \$10,000. DAS-SAE has been developing a plan to help the State be ready to handle these new requirements. This plan includes moving 1099 processing from the current mainframe process into I/3 Financial starting with calendar year 2011. To accomplish this, changes are needed in several areas, of which the major ones are summarized below:

- **Correcting 1099 Reportable Object Codes**
When correcting a 1099 reportable object code, the correction must be made on a CDE or CR document and the vendor code must be entered. Due to multiple issues, the JV1 will no longer be used for making these types of corrections.
- **Review and Correction of Payments Included in 1099s**
For calendar year 2011, a Data Warehouse report has been created for users to run on demand whenever the department wants to review their payments that will be 1099 reportable. This report will be available for use starting January 1, 2011. The departments can run this report as often as they wish and should try to run the report and make the corrections to the I/3 Financial system within the budget fiscal year of the error. Beginning in calendar year 2011, you will no longer receive the 1099 paper report or any report of corrections that are made outside of I/3 (i.e. different budget fiscal year, wrong TIN). The 1099 reporting for calendar year 2010 has not changed. You will receive the paper report for the last time for calendar year 2010.

Cut-sheet Warrants

DAS-SAE has been reviewing the option of using cut-sheet warrants instead of the pre-printed warrants that are currently used. Moving to cut-sheet warrants allows the State of Iowa to move away from the outdated hardware and software that is currently being used and utilize laser printers. Cut-sheet warrants also provide the opportunity to introduce additional security into our warrant writing process and the opportunity for additional correspondence with our vendors in the future. Because of benefits that can be obtained by moving to cut-sheet warrants, it has been decided that the state will move to using only cut-sheet warrants for all warrants beginning July 1, 2011. Feedback from departments has been that they need 6 months notice to maximize the use of their current envelope stock. DAS-SAE will be meeting with individuals who manage each warrant series.

DAS-SAE has scheduled GoToMeetings (December 17th 10:00 to 11:00 and December 21st 10:00 to 11:00). These meetings will be used to discuss the changes mentioned about.

Additional details will be provided on the changes and meetings mentioned above in the near future. Thank you in advance for your cooperation in implementing these changes. We believe these changes improve the position of the State of Iowa to implement future reporting requirements as they arise. We do understand some of the changes are to long-standing practices. We appreciate your assistance in working with us to make these changes. If you have any questions, please contact [Jay Cleveland](#) at (515) 281-3725 or [Lori McClannahan](#) at (515) 281-3206.