Best Practices for Vendor Data Management

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Introductions

Name: Tim Keeley
Role: Moderator
- *CSBO, Bensenville School District 2*

Name: Joe Blomquist
Role: Speaker
- *Assistant Superintendent of Finance and Operations, Elmhurst CUSD205*

Name: Nicole Kennedy, CPP, CPPM
Role: Speaker
- *Purchasing Manager, Community Unit School District 300*

Adding a new vendor?

- Have a standardized way of gathering your vendor information
  - [IASBO Vendor Request Form]
  - Vendor Application
- Always get a W-9
- Verify that the information provided is complete and accurate
- Have approval before adding/paying any new vendor

Illinois Vendor Reporting Requirements

Illinois School Code (105 ILCS 5/10-17), mandates specified taxing districts to make a good faith effort to collect and publish certain demographic information provided by vendors and subcontractors doing business with the taxing district.

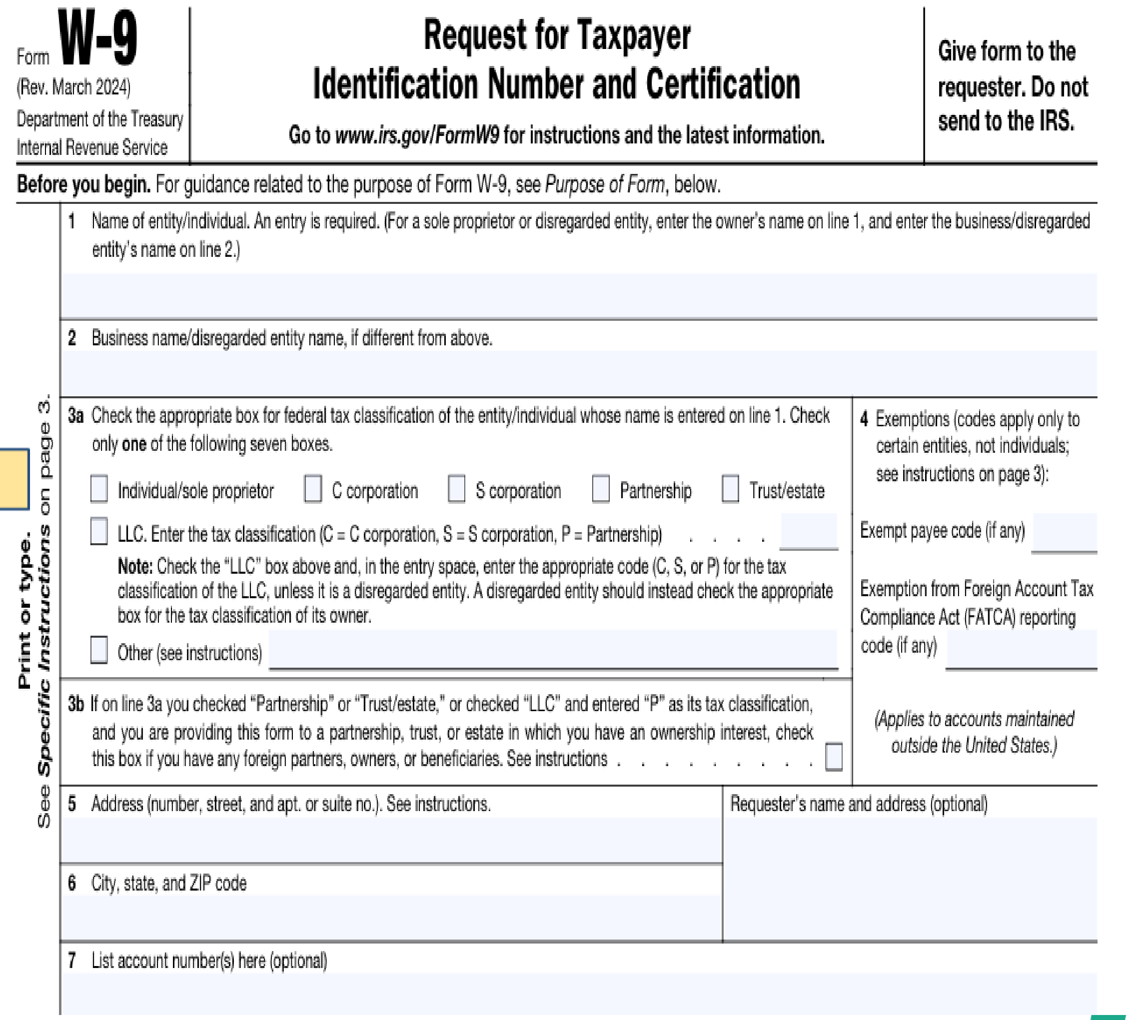
Specifically, all school districts that have an annual property tax levy of more than $5 million are required to make a good faith effort to collect information as to whether the vendor or subcontractor is a minority, women or veteran-owned business.

IASBO Vendor Fact Sheet

Let's talk W-9s

- Individual/Sole Proprietor or single LLC = 1099 eligible
- C Corporation = does not get 1099
- S Corporation = does not get 1099
- Partnership = 1099 eligible
- Trust/Estate = does not get 1099
- LLC (C, S or P) = C & S Corp do not get 1099, P is 1099 eligible

*The vendor could have either a SSN or EIN but should not have both to file under



Form **W-9** (Rev. March 2024) Department of the Treasury Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give form to the requester. Do not send to the IRS.

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.

1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)

2 Business name/disregarded entity name, if different from above.

3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor ☐ C corporation ☐ S corporation ☐ Partnership ☐ Trust/estate

☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) . . . .

Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner.

☐ Other (see instructions)

3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions . . . . ☐

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any)

Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any)

(Applies to accounts maintained outside the United States.)

5 Address (number, street, and apt. or suite no.). See instructions.

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

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TIN Matching

Utilize irs.gov to validate TIN (Taxpayer Identification Number) and name combinations.

*website requires application and login credentials

1099s - Who gets them?

- Payees who have received $600 or more during the previous calendar year
- Payees who are designated as an individual/sole proprietor or single-member LLC, partnership, or LLC with a tax classification of partnership

1099s

- 1099-NEC, previously reported in Box 7 of 1099-MISC
- Newer form captures payments to nonemployee service providers, contractors, consultants, other self-employed individuals and legal services/fees

1099-NEC

- Examples of reportable payments:
- Payment for services, including parts and material used to perform services
- Commissions paid to nonemployee salespeople
- Payments for conferences, training, workshops, memberships
- Professional service fees to accountants, architects, consultants, attorneys and law firms

1099-NEC

Examples of non-reportable payments:

- Payment made to a 1099 vendor via credit card or 3rd party
- Payment for subscriptions
- Payments for phone, freight or storage
- Payments made to a local government, school, or other tax exempt organization

1099-MISC

Reportable on Form 1099-MISC:

- Payment for rent
- Rental/lease payments for equipment, lodging, booth space
- Payments to medical/healthcare providers*
- Royalty fees
- Payment to attorney/law firm for settlement payments*

*including entities classified as Corporations

Data Entry Rules

- No periods
- No dashes
- No abbreviations
- No special characters
- ALL CAPS

*Key is to be consistent

Hang ups with Vendor Management

- Vendor with multiple pay addresses for different division
- Archiving old vendors or re-activating when necessary
- Verifying EIN to prevent duplicate vendors
- Leverage your financial software tools to help you manage your data

Questions and Answers

We thank you for your time!

Presenters:

MODERATOR INFO:

Tim Keeley, CSBO; Bensenville School District 2
tkeeley@bsd2.org

PANELISTS INFO:

Joe Blomquist, Assistant Superintendent of Finance and Operations; Elmhurst CUSD205
jblomquist@elmhurst205.org

Nicole Kennedy, CPP, CPPM, Purchasing Manager; CUSD 300
nicole.kennedy@d300.org