

Employees as Vendors

As a general recommendation, the district advises against entering into outside contracts with employees and/or setting up employee owned businesses as vendors for the following reasons:

- Complications exist tracking time spent on normal district job duties vs. time completing extra tasks for the district as a vendor/contractor.
- Perception that certain employees are favored over others presents challenges for the district and the employee.
- Auditors may identify a conflict of interest exists with such business transactions.
- Legal issues could surface when one side or the other is not satisfied with different aspects of the transaction, such as delivery of goods or service, damage to property, faulty materials/services, etc.
- There are financial risks with the IRS for the district as well as the employee, when identifying someone as an employee and/or as a vendor/consultant.