

Top Mistakes Bookkeepers Make



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March 13, 2026 • Rolling Meadows

Introductions

*Mary Kalou, Assistant Superintendent for
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District 207*



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Tax Exempt Letter

- Can a Business Refuse to accept your tax exempt
 - If E-Number is not valid – can look this up on the IL Dept Revenue site
 - If the E-Number is expired
 - If payment is not in the name of the exempt organization
 - If it's denied schools can contact IL Dept of Revenue to resolve the dispute
- It's important to remember this is an Illinois Sales Tax exemption, so it doesn't work on out of State travel



Account Coding

- **Salaries (100 object code) coded as Purchased Services (300 object code):**
 - Services rendered by personnel who are not on the District's payroll. Total salary expense won't agree to gross payroll. Impacts audit of FICA/MED, etc.
- **Capital outlay (500 object code) coded as supplies (400 object code):**
 - Capital assets have a useful life of greater than one year and equal or exceed your capitalization threshold. Exceptions are grant funded assets. District can determine group asset purchase capitalization. Operating expense per pupil will be overstated as capital is backed out of this calculation.
- **I have money left in my budget**
 - Coding expenditures to whatever account they have left without regard to what the account can be used for.



Bidding Laws

- What are the bidding laws (105 ILCS 5/10-20.21)?
 - Anything over \$35,000
 - Advertise in newspaper 10 days prior to bid opening
 - Publicly read
 - Lowest Responsible bidder
- What has to be bid and what does not?
 - Exemptions
 - High degree of professional skills
 - Duplicating machines, data processing/software
 - Many more
- How have the laws changed?
 - Increased limit – Did you update your Board Policy?
- If using a purchasing cooperative
 - Must be a member
 - Must ensure that their bidding process meets the Illinois standard



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Newspaper vs Website

- What information has to be published in the newspaper?

- Budget Hearing
- Waiver Hearing
- Truth in Taxation
- Annual Statement of Affairs
- Advertisements for Bid



- What information has to be published on the web?

- Contracts greater than \$25,000
- Truth in Taxation
- Annual Statement of Affairs
- Negotiated Agreements
- Budget
- Administrative Salary Report
- All employees with compensation greater than \$75,000 – after the budget is adopted
- Employment contracts where total compensation will exceed \$150,000 (6 days prior to board vote)



1099 Independent Contractor vs Employee

- **When do you issue a Form 1099?**
 - At least \$600 in rents, non-employee services, prizes and awards, other income, medical and health care, gross proceeds to an attorney and anyone who had backup withholding.
- **Exceptions**
 - Corporations generally, rent paid to real estate agents
- **Common law rules**
- Facts that provide evidence of the degree of control and independence fall into three categories:
- **Behavioral**: Does the company control or have the right to control what the worker does and how the worker does his or her job?
- **Financial**: Are the business aspects of the worker's job controlled by the payer? (these include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
- **Type of relationship**: Are there written contracts or employee type benefits (that is, pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?



Vendor Contracts

- Signing the vendor contract and not your own
- Having people that aren't authorized sign the contract
 - This can happen in student activities
 - This can happen with consultants
- Not including insurance information in the contract
- Not getting a complete certificate of insurance
 - Include additional insured endorsement
 - Include waiver of subrogation for worker's compensation endorsement



Reporting of Public Vendor Contracts of \$1,000 or More

- ILCS 10-20.21- All school districts are required to file a report listing “vendor contracts” as an attachment to their budget. In this context, the term “vendor contracts” refers to “all contracts and agreements that pertain to goods and services that were intended to generate additional revenue and other remunerations for the school district in excess of \$1,000, including without limitation vending machine contracts, sports and other attire, class rings and photographic services.
- The Business Office often has to act as a detective to find this information.
 - Revenue often deposited into Student Activities
 - Remunerations may be received by a department that is unaware of rule (athletic programs, beverage contracts, photography services, exclusive apparel agreements, graduation



ACH Vendor Payments

- Verification
 - For changes call a known trusted contact – at the phone number listed before the change
 - Ask specific predetermined questions to verify the identity of the person
- Internal Controls
 - Segregation of duties – employee who add/changes vendor banking information cannot initiate or approve payments
- Risk Mitigation
 - Be suspicious of urgent or last minute requests
 - Train employees to recognize phishing and social engineering attempts



Bank Reconciliations & Banking Controls

- Bank Reconciliations
 - Not performed timely
 - Incomplete or unresolved items
 - Not reporting stale dated checks to the State
- Banking Controls
 - Positive pay
 - ACH blocker



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Balance Sheet

- Just like the bank balance sheet balances need to be reconciled
- Balance sheet balances may have an impact on the operating (income and expense accounts)
- What is timely reconciliation
 - Look at them at least monthly to see any large items – if you only convert to the accrual basis at year end, there should not be significant receivables or liabilities
 - Reconcile at least quarterly
 - Concerns may be taking a withholding from someone and paying a different amount



Gift Ban Act

- How the heck does this impact Bookkeepers?
 - Do vendors send gifts especially around the holidays to the Business Office?
Do these gifts have a value greater than \$100?
 - Has a vendor offered tickets to an event that have a \$100 or more fair market value?
 - A vendor taken you out to lunch or dinner – that’s okay unless you eat and drink more than \$75
- School must have specific policies
- When in doubt just say no



Supporting Documentation

- Detailed invoices including quantities and amounts – sometimes difficult for employee to understand when using a credit card
- Note the shipping address – are they shipping stuff to their home – why?
- Sales tax – do you make them request a sales tax refund for P-Card and not pay when they are seeking a reimbursement
- Helps avoid duplicate payment
- Training staff is important especially in P-Card situations where transactions are locked after a certain period of time



Questions and Answers

We thank you for your time!



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