



Bookkeeping Considerations

What's really important when choosing a Bookkeeper

Now that you've made a decision to choose a bookkeeper for your business, there are some key considerations you need to think about before making your final selection. This short paper is designed to help you choose a bookkeeper that best fits your particular needs.

Personalised Service

Contrary to popular belief, bookkeeping is not a "one-size-fits-all" solution. To be most valuable and cost-effective, bookkeeping needs to be properly tailored to fit your business, and **each business is very different**.

A highly effective bookkeeping service is one that's completely dedicated to understanding the particular nuances of your business, enabling them to deliver a solution that will perfectly fit your needs. It's important that your bookkeeper maintains strong communication through all levels of their engagement to ensure you remain satisfied and always receive the best possible service.

Real Experience & Valid Qualifications

Many bookkeepers are either poorly experienced or just don't have the right sorts of qualifications to suit the needs of Australian business.

Your bookkeeper should be an **Australian Taxation Office Registered BAS Service Provider** to ensure they can effectively and legally lodge your activity statements. It's also important that your bookkeeper has real accounting experience and is ideally **associated with a professional accounting body**.

Some quality Australian accounting associations include:

- National Institute of Accountants (NIA)
- Society of Certified Practising Accountants (CPA Australia)
- The Institute of Chartered Accountants in Australia (ICAA)

To maintain adequate levels of service, it's important that all the staff in your chosen bookkeeping firm are adequately experienced in order to deliver a consistent service.

Ask your bookkeeping firm about their hiring policy. Do they only hire qualified and experienced bookkeepers? What's their interview process? Is it stringent and designed to find out if their proposed employees really do have the right knowledge and experience?

Franchise Operations

Franchise businesses operate with high overheads and significant operational and marketing costs. Their focus is often on "getting more clients" rather than satisfying the ones they have, while minimising costs wherever possible. This cost cutting is sometimes reflected in hiring people with inadequate qualifications/skills meaning the ultimate service to the customer is sometimes of a sub-standard quality.

It's quite typical for a franchise organisation not to be a member of any professional accounting body or otherwise which is not ideal. Ask the franchise operator to document the real experience, qualifications and associations of the people who will be working on your business. Not the overall associations of the umbrella franchise.

Sole Traders / One-Man Shops

To be most effective in the profession of bookkeeping, it's critical that your bookkeeper has some underlying accounting knowledge. Unfortunately, most people who call themselves bookkeepers lack any real qualifications. **A half-day MYOB course does not make someone a qualified "Bookkeeper"**. It's important to note that MYOB is not an accreditation, just software knowledge required to complete the task at hand. It's a bit like a builder knowing how to use power tools, he might be able to load them, start them, chop wood and drill holes, but it won't guarantee that he can build even the simplest structure.

So ask the bookkeeper you're considering to give you a full and detailed list of both their qualifications as a bookkeeper and also their past experience, including whether they are licensed to provide BAS services. A BAS service is not simply preparing/lodging BAS, it includes basic bookkeeping functions including setting up a ledger, or selecting GST codes when entering expenses.

One more thing to think about when hiring the sole-trader is whether your business can take the risk of possibly replacing them if they get too busy, get sick, go out of business or choose a different type of client.

Do-It-Yourself

Hiring a professional and properly experienced bookkeeper means you can focus on what you do best. To use the builder analogy again, you wouldn't try and build a house just because you know how to nail two boards together or lay a few bricks. So hiring proven professionals to manage the difficult and complicated task of company bookkeeping will not only reduce your risk and help you track your business, it will save you stress and time.

- A professional bookkeeper will ensure your BAS is done correctly and submitted on-time every time which means that you'll avoid ATO late Fees, interest and potential penalties for incorrect submissions.
- A professional bookkeeper can properly communicate with, and manage your debtors as required.
- A professional bookkeeper will get your books on track, and give you a clear picture of how your business is performing so that you can effectively plan your future.

What's Real "Value for Money"?

One of the main indicators people use for comparing the cost of bookkeepers is their hourly rate. When compiling the total cost of bookkeeping, remember to include all the key measures into your equation. At a minimum, your bookkeeper cost is determined by the:

$$\text{Hourly Rate} \times \text{Number Hours Worked} \times \text{Quality of Work Delivered}$$

When you consider all these factors along with the levels of communication, you get a much more accurate cost calculation of the complete bookkeeping service.

Choose Commitment and Experience

The ATO has put a large compliance burden on small business. Accountants, although terribly important, are very expensive to use for regular bookkeeping tasks. The demand for accounting support services (bookkeepers) has grown enormously and a lack of regulation in this field has seen an influx of inexperienced practitioners offering their services to businesses in Australia.

To avoid the additional cost of an accountant reworking your BAS or running the risk of an ATO audit (nobody needs that stress in their lives), it's important that you choose your qualified and experienced bookkeeper very carefully and make sure they are a perfect and **total fit for your business**.