

Are bookkeepers the next financial planners?

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I recently learned the hard way how important it is to have a bookkeeper with their eye on the ball. It got me thinking about how much this industry has changed, and how regulation has not caught up with it. I foresee a time in the not too distant future when bookkeeping scandals will grace newspaper pages in the same way they have with rogue financial planners.

It's worth noting, as Matthew Addison, executive director of the Institute of Certified Bookkeepers explained to me, that bookkeepers who provide Business Activity Statement Services already need to be registered with the Tax Practitioners Board, which has its own legislated code of conduct, a complaints mechanism and a team that investigates complaints.

However, this only captures 12,000 entities registered with the board: it does not cover individually employed bookkeepers that don't need to register with the board. Addison estimates there are about 250,000 bookkeepers in Australia. It's pretty easy to do the maths and work out the lion's share of people who purport to be bookkeepers fall outside the regulatory structure.

Brad Callaghan, a director of accounting and advisory practice Callaghan Partners, agrees bookkeepers should be better regulated given they control the books of a business and lodge Business Activity Statements on behalf of clients.

"The ATO has always had a high focus on GST and PAYG tax and relying on an unqualified, unregulated person to do your BAS is not wise. When the Tax Practitioners Board brought in registration and education requirements for bookkeepers it was a welcome development in the profession. It now means that not just anyone can file BAS on behalf of clients; people need to do formal study and meet certain requirements. I'm not a fan of using bookkeepers for my clients and would rather do it in house at a very reduced rate to insure my clients get the best service possible," he says.

"Bookkeeping is the instrument that gauges of the lifeblood of every business by recording income and expenses. As such I believe high standards of bookkeeping are essential. It underpins and aids the success of any business, small or large," says Peter Horsfield from financial advice firm Smart Advice.

He explains the most important benefit good bookkeepers provide business owners is information about their own business, so that they can proceed with, or decline, opportunities presented to them with greater confidence, based on real information about their business performance.

"Bookkeeping plays such an important role in aiding reporting and decision making processes in a business, better regulation of this role is important and would have flow-on benefits for consumers, business owners and bookkeepers," Horsfield says.

It would mean bookkeepers would receive recognition as an important profession in their own right. It would encourage better professional advancement by allowing them to more closely partner with accounting bodies.

It would also open up a whistleblowing avenue for bookkeepers should they feel pressured by their employers or clients to manipulate or cook the books.

It would result in more consistent minimum standards and education across the industry and more formal avenues for further training. It would deliver greater certainty to employers and those engaging bookkeepers about the expectation of minimum standards.

All bookkeepers – not just those registered with the Tax Practitioners Board and those who are members of professional associations such as the Institute of Certified Bookkeepers – should be doing ongoing professional development and there needs to be a better disciplinary system in place covering the whole industry to deal with people in this field who act in an incompetent fashion, including penalties for people who make transgressions.

My advice? Use the bookkeeper recommended by your accountant, rather than one recommended by a friend or colleague. Because if your accountant trusts the bookkeeper they use, chances are you can too.