

## You Need Good Bookkeepers

The underpinning of any successful business is the knowledge and experience employees bring to their jobs. Without that, a business will be doomed to failure from the start. For exceptional abilities, owner/managers are willing to seek out and pay top dollars to the best in the field. Unfortunately, not all owner/managers see record keeping as a job requiring the same high level of skills; instead, they underestimate the need for knowledgeable and experienced bookkeepers.

### The Bookkeeper's Role

According to Wikipedia "A bookkeeper, also known as an accounting clerk, is a person who records the day-to-day financial transactions of an organization. The bookkeeper brings the books to the trial balance stage. An accountant may prepare the income statement and balance sheet using the trial balance and ledgers prepared by the bookkeeper."

### Bookkeepers Are Often Highly Underrated

This definition of a bookkeeper underrates the qualifications and experience that should be basic requirements for a bookkeeper in today's increasingly rule-driven society. Without reliable and correctly recorded financial data almost every aspect of decisions based on this data could be disastrously wrong.

A bookkeeper should be able to journalize, post to the ledger and produce an adjusted trial balance. Indeed, with the assistance of today's accounting software most bookkeepers can provide income statements and balance sheets as well. However, even the best accounting software cannot protect a company from the effects of improperly trained users of the software. Thus a bookkeeper's ability needs to stretch beyond the historical fundamentals of data entry and incorporate several attributes.

For instance, high proficiency is required in the accounting software now used to record transactions. Proficiency should go beyond the ability to know where to record sales, payroll, journal entries and the like and should extend to an understanding of how the system interacts to allow tracing of source document entries and how to correct errors on the system that is used.

Thus, if a bookkeeper does not understand the intricacies of his or her specific business, the bookkeeping program may record and allocate incorrectly.

As a result, many financial and operation decisions will be wrong.

Bookkeepers should know not only how to do the payroll and make the correct source deductions, but they also need to understand the employment law governing statutory holidays, vacation pay, overtime, workers' compensation, premium requirements for provincial or private health plans, as well as the filing requirements for the Canada Revenue Agency.

Bookkeepers must understand how suppliers' invoices are allocated in their particular business. Entering or posting invoices may seem like a "slam dunk", but the incorrect identification of an invoice will allocate funds to the incorrect expense account, misallocate a capital expenditure to an expense account or visa versa, incorrectly allocate a business expense to the draw account of a shareholder, or allocate funds to an expense account instead of to inventory.

Bookkeepers must understand the importance of sales invoices to clients. Failure to allocate invoices correctly could result in misleading sales figures by product line or improper reduction of inventory. Bookkeepers should possess the experience to understand the difference between deposits for sales and deposits for other reasons. Loans to the company by the shareholder or financial institution or sale of equipment, for example, should not end up as sales figures on which the corporation would ultimately pay income taxes.

Bookkeepers must know how to comply with the rules of many regulatory agencies and government departments. Today's bookkeepers must know how to enter data such as payroll source data so that it fulfills a multiplicity of reporting requirements. Data must be developed and recorded to comply with union agreements, the employee health tax, GST/HST, various employee tax issues including termination information on records of employment and, at the end of the year, to provide adequate supporting documentation to employees, employers and governments.

A bookkeeper must have an appreciation of what a Chartered Accountant requires to complete the year-end corporate financial statements and corporate tax returns. Lack of communication with the CA about reporting needs could result in delayed production of the corporate tax returns or financial statements because the information is not readily obtainable and must be rebuilt.

The ability to use the Internet for online banking is a must for bookkeeping staff. The ability to provide owner/managers with up-to-date details on the cash account combined with the ability to transfer funds between various corporate bank accounts not only saves the time required to go the financial institution but also avoids those embarrassing NSF calls from the bank or, worse, the client.

### This'n That at Logan Katz

The winners of our 2009 Personal Tax Draw are.....

*Maria Dosanjios-Trottier — \$50.00 gift certificate from Subway Sandwiches*

*Celia Reid — \$100.00 gift certificate from Best Buy*

*Denis Bourguignon — \$200.00 gift certificate from Glebe Spa*

*Yves Charron — \$750.00 gift certificate from The Bay*

CONGRATULATIONS TO ALL

Logan Katz LLP was honoured to sponsor several golf tournaments in the month of June, including the Leukemia and Bone Marrow Transplant Research Fund, 4th Annual CHEO for Tiny Hearts Foundation, The Little Troopers Foundation in support of chronically sick children, and The Canadian Association of Family Enterprise Golf Tournament.

We would also like to take this opportunity to wish everyone a safe and enjoyable summer.

Communication skills should be top of the list of soft skills required of any bookkeeper. For many owner/managers, the bookkeeper is the only source of knowledge that allows management to address financial issues with employees, government, clients and suppliers. While the owner/manager is looking after the operational side of the business, the bookkeeper is often taking care of business.

### The Perfect Choice

Locating an ideal bookkeeper with all of the above skill sets is not an easy task. Résumés and referrals may provide you with a starting position but what is on paper may not translate into the skills actually needed at your business. Narrow the field, we suggest that you:

Look for a résumé that indicates continuous experience at one or two employers, rather than one showing a long list of jobs with different employers in different industries.

Enquire as to whether the bookkeeper was responsible for the full array of software functions rather than just one function such as accounts payable.

Ensure the accounting software with which the bookkeeper is familiar is the same as yours.

Find out whether the individual's experience is in a similar business.

Confirm the individual is bondable for insurance purposes.

Determine whether the work experience demonstrates the ability to deal with constant change.

Assess whether the individual has sufficient self motivation to find answers to problems by researching or addressing the issues with management or the company's Chartered Accountant.

Look for signs that confirm the applicant likes working with detailed information.

Determine whether the applicant has demonstrated a penchant for bookkeeping by taking courses in high school or community college.

### Professionalism

Although bookkeepers have not organized and become "sanctioned" as have paralegals in some provinces, there are organizations seeking to bring a sense of professionalism to the bookkeeping field by increasing the level of excellence. Two such non-profit organizations in Canada are The Institute of Professional Bookkeepers of Canada and The Canadian Bookkeepers Association. Membership in such organizations does not necessarily guarantee the applicant is the ideal client for your business, but enrolment is one indicator that he or she is interested in belonging to a collective that works toward improving the skills of its members.

### Don't Pinch Pennies When Hiring a Bookkeeper

In an age where government regulations, rules and filing requirements for regulatory agencies, obtaining bank loans, and the future survival of your company are dependent upon information supported by qualitative and quantitative measurement of financial data, hiring competent individuals and paying top dollar to ensure their loyalty is a true money saver.