

A quick checklist to help you ask the right questions when you're looking for a bookkeeper.

Prepared by the Association of Accounting Technicians (AAT) Australia

As a small business owner, are financial concerns weighing you down? If so, a bookkeeper could be a great answer to help you stay on top of the paperwork – but there are a few important things to know before you rush out to find one.

The extra burden of preparing and lodging Business Activity Statements (BAS) has been progressively outsourced to a new emerging bookkeeping service group. Most medium size businesses that are required to prepare a BAS are now likely to employ an accounts person or engage an external bookkeeper to do the work.

Demand for accounting support services has grown enormously and there's been an influx of inexperienced, incompetent practitioners offering their services. The result has been a high incidence of errors and omissions in BAS and often the additional cost of reworking reports.

The federal government has responded by passing the Tax Agent Services Act 2009 that will introduce a registration regime for self employed bookkeepers offering BAS preparation and lodgement services – BAS agents – based upon prescribed qualifications and experience standards and adherence to a Code of Professional Conduct.

The new legislation also makes the concession that by engaging a BAS agent (or tax agent) and providing them with all the relevant information to enable the preparation and lodgement of a return, notice or statement with the ATO on time or for making an unintentional, false or misleading statement, taxpayers won't be liable for an administrative penalty for late lodgement resulting from their agent's failure to take reasonable care.

The new legislation acknowledges how important it is to have a competent, experienced practitioner compiling reports for the preparation and lodgement of BAS and financial reports for the preparation of income tax returns, and the necessity for practitioners to observe a code of conduct relating to their relationship with their clients.

Similarly, individuals who are not subject to the legislation and are engaged to undertake the same tasks also need to be competent, experienced and committed to a code of conduct. AAT Australia Members must have the same qualifications required by the new law, experience and they must complete continuing professional education seminars - making them the preferred choice for employment or engagement.

The new legislation commences early 2010.

When you're recruiting or engaging a contract bookkeeper, ask yourself these questions:

Does your bookkeeper have a formal qualification and experience?

As it currently stands, bookkeepers don't need to have a qualification. This means there are many people working in the industry who aren't qualified to do so. Before engaging a bookkeeper, ask them about their qualifications and experience. Professional bookkeeping associations such as AAT Australia recommend a minimum qualification of Certificate IV Financial Services (Accounting) or Certificate IV Financial Services (Bookkeeping). It's also

important to check that your bookkeeper's qualification is issued by a nationally-recognised Registered Training Organisation.

Do they have the backing of a professional association?

Members of a professional association such as AAT Australia receive regular communications on the latest industry changes on various topics such as BAS, Tax, Payroll etc. and have access to professional education to keep their skills up to date.

If your bookkeeper is also a member of a professional association, they are bound to that association's code of ethics and will be subject to disciplinary processes to make sure they maintain high standards.

Does your bookkeeper have Professional Indemnity insurance?

If not, you may be liable for penalties imposed by the ATO for errors or omissions on your BAS. Therefore it's important to check if your bookkeeper has sufficient professional indemnity insurance cover, particularly if they are working under the direction of a registered tax agent.

Are they aware of the current taxation laws restricting the services that bookkeepers can provide?

Under the current provisions of Section 251L of the Income Tax Assessment Act 1936, unless they are exempt as follows, it's illegal for bookkeepers to receive a fee for preparing an ATO approved form and lodging BAS on their client's behalf or even advising their clients how to complete the approved form.

Bookkeepers can be exempt from this provision if they are:

A member of a recognised professional association (CPA Australia; National Institute of Accountants; The Institute of Chartered Accountants in Australia; Taxation Institute of Australia; Association of Taxation and Management Accountants Australia; Association of Chartered Certified Accountants; Chartered Institute of Management Accountants); or working under the direction of a registered tax agent.

However, the Tax Agent Services Act 2009 (when it commences operation early in 2010) will allow bookkeepers who are registered by the national Tax Practitioners Board, which includes holding professional indemnity insurance, to prepare and lodge BAS for a service fee.

Is your bookkeeper subject to a professional code of conduct?

Under the new legislation, registered bookkeepers will be governed by a professional Code of Ethics. Current members of professional associations must now abide by the association's ethical guidelines to offer you further peace of mind.

The Association of Accounting Technicians (AAT) Australia is an association for paraprofessional accounting technicians, including bookkeepers, and is supported by the three professional accounting bodies – CPA Australia, the Institute of Chartered Accountants in Australia and the National Institute of Accountants. AAT Australia has adopted a nationally recognised qualification standard that its member's must hold to join the association and has comprehensive ethical provisions and imposes those standards through a disciplinary process offering the highest level of consumer protection.