

IN DEPTH: BANKING AND FINANCE

Wrong choice of bookkeeper can destroy your business

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A business sizing up the abilities of a candidate for a bookkeeper's job often is at the mercy of a resume and interview.

People answering "bookkeeper wanted" advertisements can be barely capable of adding or have only limited bookkeeping knowledge.

"We got quite a range of responses," said Carter Swartz, general manager of Gulfstream Marine Services in Largo. "We had some people who were just starting out and some who were looking for something where they would be upwardly mobile and have chances for advancement."

The business needed a bookkeeper with comprehensive knowledge and required experience in accounts payable, accounts receivable, payroll, invoicing and job-costing.

As with most small businesses, the firm's process of personnel selection included interviews, checking references and reviewing resumes in addition to an assessment of how a person would mesh with other employees.

Many businesses use a similar screening process, but not all achieve success in selecting a bookkeeper, said Irene Hurst, director of the Small Business Development Center at the University of South Florida.

"As long as I've worked in bookkeeping, I can say I'm a bookkeeper," she said. "But how do you know a person actually knows about bookkeeping? I've seen business after business get in trouble because their bookkeep-

er didn't keep records straight or was taking money."

She recommended businesses hire certified bookkeepers when possible and take advantage of tests to determine a person's bookkeeping skills. Hurst also recommended that small business owners either sign all checks or review the business's books at least weekly.

"They may think bookkeeping is very mundane and don't want to know about it," Hurst said. "Their business can be taken right out from under them if they don't pay attention. They need to understand what their bookkeeper is doing with their business and their money."

Mistakes in selecting a person with the appropriate bookkeeping skills are among the business horror stories Stephen Sahlein hears.

"You never really know," said Sahlein, co-president of the American Institute of Professional Bookkeepers (AIPB) in Rockville, Md. "Sometimes you end up with someone who may not know anything about the bookkeeping tasks you want them to handle. It can be difficult to screen people."

The consequences of inept bookkeeping may not become apparent in some instances until the Internal Revenue Service steps in or a bank questions a business's financial standing.

AIPB has an answer, Sahlein said. The organization spent six months researching and developing a test businesses can use to help evaluate the skills and knowledge of a person

applying for a bookkeeping position — before costly mistakes are made.

"It's a hiring test based on the national bookkeeper certification exam," he said. "It consists of 10 questions that cover some basic bookkeeping and accounting concepts and skills."

The questions assess skills such as the bank reconciliation, recording basic journal entries, error correction and adjusting entries. The person taking the test is usually given 20 minutes, Sahlein said.

Depending on what type of bookkeeping tasks a business has, the association also provides optional sections on depreciation, payroll and merchandise inventory.

All the questions are randomly drawn from the organization's bank of more than 250 questions. The tests are free from the AIPB.

"We've had very good responses from business owners who know about it and from CPAs," Sahlein said. "It gives them a way to screen people, in addition to interviews. We also suggest businesses say 'certified bookkeeper preferred' in any help wanted ad."

A certified bookkeeper has passed a national examination consisting of three tests based on curriculum developed by the AIPB, CPAs and colleges.

The curriculum provides the skill and knowledge required to do bookkeeping and accounting for businesses with up to 100 employees.

"The certification assures that the person is highly competent," Sahlein said. "It's the only national standard for bookkeepers."