Our Mission
IPBC provides the environment, knowledge, and resources its members need to develop excellence in bookkeeping, through education, networking, advocacy, information and research. The focus is to create member value and benefit to that in turn contribute to creating a stronger trust relationship with Canadian business.

Institute of Professional Bookkeepers of Canada (IPBC)

Are You Hiring A Bookkeeper?

What must you consider when hiring and managing your bookkeeper?

Why are we so concerned about making sure that you hire the right bookkeeper? Two reasons. First, yes, we do have something to sell that will help you be sure to get the right person for the job (honesty is the best policy). Second, we believe that, even if you don’t purchase anything from us, this information will help you hire and manage the right bookkeeper and be more profitable.

And, if you’re more profitable that means your business will be around for a long time to come and, in the future, we may be able to provide you with some other valuable knowledge, a whole you have to be able to afford, here is some really great and valuable information from which any business hiring or managing a bookkeeper can profit. Look at this invaluable resource to help you make sure you hire the right bookkeeper.

An urgent note about your bookkeeper and accounting issues.

As you begin to review this special report please keep in mind a very important point. No one of the topics or issues we raise or discuss can be examined in a vacuum. All aspects of your bookkeeper and your accounting systems interact with one another and your company in many ways. In several of our discussion topics you will find information that is seemingly repeated from another topic. This is intentional so that you can begin to understand the close ties among these key aspects of your company.

What do you need your bookkeeper to do?

Some say such a simple question doesn’t? You want your bookkeeper to keep the “books” right? Well... maybe. One frequent mistake made when hiring a bookkeeper is not understanding just what being a full-charge bookkeeper means. A full-charge bookkeeper is someone who is responsible for seeing that all of your business transactions are properly recorded in the various ledgers, sub-ledgers, journals, etc.

One of the most important technical aspects of any bookkeeper’s job is the proper maintenance of the company’s general ledger. For it is from this collection of vital transactional information, the general ledger, that your company’s financial statements (balance sheet, profit and loss statement, etc.) will be prepared. Also, always remember that your general ledger is of great interest to the various auditors (CRA, provincial, union, etc.) that can poke around a company’s records from time to time.

Clearly defining what you expect from your bookkeeper will help all parties involved. In fact, believe that not clearly defining what you expect from your bookkeeper is fuel for failure. Often, it can be a difficult task to clearly define just what it is you want your bookkeeper to do - but, a critically important task. Just what your bookkeeper should be responsible for varies widely from company to company and industry to industry. If you are not quite sure what you expect from your bookkeeper I would encourage you to discuss the matter with your Accountant or other business advisor.

Once you’ve determined what you want your bookkeeper to do, let me offer a few words of advice. Actually, this advice will likely seem far too obvious to be of value - but it is worth a reminder.

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If there is any one thing you can do to help make sure you keep that great bookkeeper it is to let them know they are a valuable part of your team. In fact, without them what would you be able to get done? Unfortunately, all too often we overlook the opportunity to give the kudos they deserve.

And, be sure to put them on the book now and then and let them know what a great job they’re doing. And, if you really don’t know bookkeeping or accounting, keep an open mind as to how difficult their job can actually be. These seemingly easy tasks can be far more time consuming than you think.

How will you know if your bookkeeper is doing the job you need done?

One frequent problem is knowing if your bookkeeper is taking care of your business. Of course, there is no single answer to this dilemma. But, there are some general rules that you will find helpful.

Define what duties your bookkeeper must perform.

In my experience, most problems with bookkeepers have begun with this problem: not clearly defining what you expect. After all, how can you ever determine how things are going if you don’t know where they should be going. If you do not have some quantitative standards for your bookkeeper, or accounting department as a whole, you have nothing to measure.

And, you can only manage what you can measure. Here’s some examples of standards business owners set up for their bookkeepers and accounting departments.

 Bank reconciliations will be completed within 3 days of receiving bank statements.
 The company financial statements will be completed and provided to management within 7 days of month end.
 Annual General Meetings will be calculated & presented for review 3 days before payday.
 Of course these are only examples, but you get the point. Oh, one other suggestion: set up your company procedures to be sure that you, the owner or general manager, receive a full “control file” at the end of every accounting period. This is an innovative method we’ve discovered that helps you make sure that your bookkeeper is never “replaceable.” If you would like to receive information about using our “control file” strategy read on in this special report.

Compare several of the control documents to your general ledger.

One frequent problem is knowing if your bookkeeper is taking care of your business.
On a periodic basis make sure that you, or someone completely unconnected with the bookkeeping and accounting function, compare several of the control documents with your general ledger.

Yes, this is a bit technical, but something that any business person can learn to do quite easily. But, even more important, it is, in my opinion the responsibility of any business owner to understand his/her company’s financial reporting process. Unless you understand the basics of the process you will always have a difficult time managing that process.

If you’re not sure how to do this, or if you’ve never done this, waste no time in calling your Accountant today to find out more. In fact, the step can often discover one of the first signs that a bookkeeper may be creating big problems.

Ask your Accountant.

What, you thought your Accountant would automatically tell you if they thought there might be a problem?

Well, generally, yes. But, frequently your Accountant may not be dealing directly with your bookkeeper on these types of issues. In fact, very often it will be one of your Accountant’s junior staff that has the majority of face-to-face contact with your bookkeeper. Now, that is just fine, but, maybe the Accountant’s staff is the one who has got what they need and formulated an opinion of the bookkeeper’s work problem. And, just as likely, unless the bookkeeper’s work is really poor, may not have found it to be big enough issue to bring up. So, make sure it is brought up… ask your Accountant.

Ask your bookkeeper.

Well, why not? In general most of us can be fairly objective about our own work, our challenges and issues. You will find that if you set up a safe environment and improvement in their work, will only be discussed in a positive light. That is to say

There are some inherent limitations in the off-the-shelf one-size-fits-all small business bookkeeping software programs I got with my fancy new computer? And these are as many ways to measure the effectiveness of your bookkeeper as there are companies. But, if you follow these fairly simple guidelines you will be well on your way to a truly satisfying experience with your bookkeeper.

Let your bookkeeper help pay their own wages!

Now, we don’t mean they will actually cut you a check. But, if you set up your accounting properly and let your bookkeeper be a part of your team you should be able to eventually see your bookkeeper as a “profit-center.” Here are a few tips that will help you do just that.

On a regular basis take your bookkeeper to lunch and tell them what this would do differently in the company. Not just in the accounting area but other areas as well. This gives you a perfect chance to be a great listener don’t take over the conversation.

If you’re not sure how your bookkeeper is performing, they can be a real red flag of potential issues.

Could your bookkeeper be “helping themselves” to your hard-earned money?

One of the most distressing situations in which we’re called on to consult is one where a trusted bookkeeper, “one of the family,” has discovered stealing. It can happen at any time, to any company. Your best protection of course are proper controls and supervision. But, even with all the controls and supervision, a determined and dishonest bookkeeper can get away with some amazing schemes.

While these are very similar to the questions you ask yourself when evaluating how your bookkeeper is performing, they can be a real red flag of potential problems.

Has your bookkeeper asked for signature authority on your checks?

Does your bookkeeper frequently make telephone transfers from your bank accounts or credit cards?

Does your bookkeeper’s lifestyle seem consistent with their earnings?

Does your bookkeeper frequently take records home to work on or work in the office when no one is around.

Does your bookkeeper refuse to go on vacation?

Does your bookkeeper seem to resent or get defensive when your Accountant asks questions.

Does your bookkeeper have access to your credit card information and receive mail-order packages at work?

Are your accounting records in a mess?

Do you receive frequent tax delinquency notices that the bookkeeper explains away as government error?

If you answer yes to any of these questions don’t panic. Changes are there is a perfectly reasonable and acceptable explanation. But, don’t ignore the symptoms either. Talk with your Accountant and carefully evaluate the situation. You may only need to put just some additional controls in place for your company.