



Certified Bookkeepers — the Professionals with an Audit Trail

Certification Brings Higher Standards to Financial Reporting

Sound familiar?

“These books look pretty good ... wait a minute, what’s \$95,000 doing in Uncategorized Expense?”

“This’ll make a great war story. All the adjustments led to zero balances... oh, no, those aren’t adjusting entries, they’re reversing entries.”

“How did year-to-year depreciation triple with no new assets? Aaaargh! The bookkeeper depreciated land—and two trucks and a drillpress they sold last year! I better recheck all the books.”

What’s wrong with this picture? Everything. Yet, because there is no national standard for bookkeepers, this is what auditors see every day. Schools in the same state—even the same city—offer bookkeeping courses with totally different curricula.

In fact, anyone can say, “I’m a bookkeeper.” A former office

manager who kept the checkbook finds himself doing the books. A secretary who kept petty cash is sent to a Quickbooks class. A receptionist takes over for a bookkeeper who quit before Christmas and is still in the job. These people may stay in bookkeeping because it pays better than office manager, secretary or receptionist. Seasoned CPAs have had no way to distinguish such untrained applicants with glossy resumes from real pros.

Until now.

The Certified Bookkeeper—a High National Standard

In 1997, the American Institute of Professional Bookkeepers (AIPB) established the first national standard for bookkeepers: the *Certified Bookkeeper* program. Developed over nine years, the program requires candidates to sit for three exams of two hours each; show evidence of 3,000 hours’ (two years’) experience,

and sign a code of ethics. The exams, given at Sylvan test centers nationwide, cover five subjects:

1. Adjusting entries
2. Error correction, including the bank reconciliation
3. Depreciation, book and tax, including passenger autos
4. Payroll
5. Inventory under the perpetual and periodic systems, including moving and weighted average, LIFO, FIFO and LCM costing.

Certified Bookkeepers Widely Accepted

Bookkeeper certification has gained wide acceptance. For example:

- More than 20 colleges and universities offer preparatory courses for certification including Queens College (New York City); the University of California at San Diego and at Santa-Cruz-Cupertino (Silicon

Valley); Miami-Dade Community College (FL); Pima Community College (Tucson, AZ); Hagerstown Business College (MD) and ASA Institute of Business in Brooklyn (NY).

- *Business Week* (May 21, 2001, “Small Biz” section, page 4), in an article describing AIPB’s free bookkeeper’s hiring test, notes the need for certification commenting that “bookkeepers...rarely carry industrywide certification.”
- *The Plain-Dealer* (Cleveland) “2001 Employment Guide” quotes Steve Prcela, program director of accounting at Bryant & Stratton’s Parma [Ohio] campus: “Individuals at all levels of bookkeeping can enhance their credentials by becoming a Certified Bookkeeper through the American Institute of Professional Bookkeepers.”
- *The Business Journal* (Tampa Bay, FL, July 23, 2001) reports: “‘As long as I’ve worked in bookkeeping, I can say I’m a bookkeeper,’ says Irene Hurst, director of the Small Business Development Center, University of South Florida. ‘But how do you know a person actually knows about bookkeeping? I’ve seen business after business get in trouble because their bookkeeper didn’t keep records straight...’ She recommends that businesses hire Certified Bookkeepers.”

Certification Results in Employee Satisfaction and Client Retention

“Certification brought our bookkeeper to a new, higher level,” says Les Nosal, CPA, of Nosal, Jones & Company, PC, Omaha, NE, a CPA firm. “Since becoming certified, her competence level is higher and we have confidence giving her more complicated assignments. I feel good telling our small-business clients she is certified because I feel they perceive value.” Nosal’s bookkeeper is now taking classes to become a CPA.

Nosal says that when his bookkeeper approached him about certification, he looked over the preparatory workbooks and realized that in order to become certified, she would have to learn information that would be very valuable in her job, particularly adjusting entries and payroll. “A lot of certificates are fluff or have an open-book test that anyone can pass,” he says. “To become a Certified Bookkeeper, she really had to learn something.”

When Attorney Robert Bauman’s (Gambis, Mucker and Bauman, Lafayette, IN, a general practice law firm) bookkeeper expressed an interest in becoming certified, he gave her the go-ahead. “The training she got to become certified resulted in a much more professional job,” Bauman says. “She requires much less supervision now and provides much better management information. For example, she gives us a lot of helpful

information on which areas are profitable and which are of concern. We’ve also noticed that when our outside accountants do the partners’ tax returns, things have gone a lot more smoothly. Before there was stuff in the wrong place or things needed to be adjusted. Those problems have gone away.”

“We are having all nine of our bookkeepers certified,” says Myrna F. Stacey, CPA, of Myrna F. Stacey, CPA, PC, Natick, MA, a niche firm that operates as an outsource accounting department for small businesses and gets most of its 100+ clients from referrals by other CPA firms. “I have a lot of long-term clients and I prefer to offer them more and higher quality services than to invest in constantly finding new clients.” Stacey also sees certification as a major human resources tool. “By providing my bookkeepers with a designation they can work for and be proud of, I give them an opportunity to love their job—to never want another one. That’s my company philosophy: I want my people to have a life and love their job—as I do.”

How Certified Bookkeepers Make Internal Auditors’ Jobs Easier

Can Certified Bookkeepers be of any help to internal auditors? CPAs and Certified Bookkeepers say they can, because Certified Bookkeepers can:

- Make end-of-period adjustments correctly, so that auditors can scan AJEs instead of

essentially doing them over.

- Create depreciation schedules for book (GAAP) or tax purposes, so auditors can scan the schedules instead of creating or having to recreate them.
- Perform the monthly bank reconciliation.
- Make current period corrections that are accurate and easy to trace.
- Prepare payroll or keep an eye on the organization's payroll service.
- Record merchandise inventory under the periodic or perpetual methods and cost it out under the weighted and moving average, FIFO, LIFO and LCM methods and close out inventory at year end.

“Solid, reliable financial information comes only from solid reliable financial training,” Stacey says. “Most bookkeepers learn on the job and have no formal training. Training for certification tells them *why* a particular adjustment, type of depreciation or inventory costing method is used, where it fits in the accounting cycle and how it affects the financial statements. They know how to do an adjustment and why it is important—as well as how to find an incorrect AJE and how to correct it and why the correction is so important.”

Forensic Bookkeeping

Stacey finds that as accounting software becomes easier to use, it also becomes easier to enter

incorrect, incomplete or improper information. Internal auditors end up dealing with this lack of knowledge in the compiled records. “Certification assures cleaner, more accurate books,” she says, “and that has to help internal auditors. By certifying my entire staff, I give them a high level of credibility and assure clients of a level of skill that’s measurable. This is terribly important in a profession that is usually self-defined.”

The illusion that using software is the same as knowing GAAP causes problems for public bookkeepers, as well as for CPAs.

“I do what I call forensic bookkeeping,” says Certified Bookkeeper Margie A. Lawton-Greco (Margaret A. Lawton-Greco, LLC, Cherry Hill, NJ), a public bookkeeper since 1993, former Assistant Controller, Travelodge Hotel, Mount Laurel, NJ, and former Night Audit Manager, Hyatt Hotel (now Hilton), Cherry Hill, NJ. “For 90% of new clients, I have to clean up their books because their bookkeepers do not have a foundation in accounting. Many of these bookkeepers just stumbled into the job and have no interest in it. When I am asked to train a client’s bookkeeper on the software, I may also have to train them in accounting.”

Lawton-Greco frequently comes across incorrect tax payments made by bookkeepers who don’t know payroll. “A negative tax liability is not unusual,” she

says. “That’s one reason I found the payroll and depreciation training for certification so valuable. Payroll was not taught in my college accounting program, and depreciation was more theoretical. To become certified, I had to master a transaction-oriented approach that was very helpful. I used to ask the CPA to do the schedules, but now I do the schedules and just submit them for review.”

Lawton-Greco also finds petty cash with no expense categories (just checks to replenish petty cash) and deposited funds or misuse of the deposit function because the bookkeeper does not understand the software, bookkeeping or both. But Lawton-Greco gets calls because clients *know* they have problems—an internal auditor is rarely so lucky.

“So-called ‘user-friendly’ accounting programs can fool users into thinking that they know what they’re doing, and I am seeing the most screwed up sets of books I’ve ever seen,” reports Certified Bookkeeper Margaret A. Johnson, Tucson, AZ, who teaches the *Certified Bookkeeper* preparatory course at Pima Community College in Tucson. “A company can go through an entire accounting cycle before discovering the disaster. The bottom line looks hunky-dory, but behind the scenes there’s a mess.”

Johnson illustrates the point with an example. “One popular program is very item-based and

lets you record sales without debits or credits. So, if a user does not know accounting and simply tells the program to record the sale in the customer's account (i.e., the subsidiary Accounts Receivable), the program will make up an account to credit, such as Uncategorized Revenue. At the end of the year, the statements can really blow up with large, almost untraceable balances in Uncategorized Revenue and Uncategorized Expense.

Better than Paraprofessionals

“Certified Bookkeepers are doing for accounting what paralegals did for law and physicians' assistants did for medicine—but at a higher level,” Johnson says. “More importantly, anyone who becomes a Certified Bookkeeper is eminently trainable for industry specialization, tax preparation or more advanced accounting. By becoming certified, they have demonstrated not only a proven knowledge of basic GAAP accounting, but the motivation to learn and the desire and ambition to be a professional.” ■

STEPHEN SAHLEIN is Co-President of The American Institute of Professional Bookkeepers (AIPB), the national association and certifying body for bookkeepers. Founded in 1987 and currently with over 35,000 members, AIPB is located in Rockville, Maryland.

*For a copy of the booklet, *The Certified Bookkeeper Program—Certification for Professional Bookkeepers*, information on the free bookkeeper's hiring test, or information on membership in AIPB, call 800-622-0121, fax 800-541-0066, or visit www.aipb.org.*