

a day in the life...

With the help of the Standard Business Reporting team in the Treasury in Canberra, here is a peek at what the life of a Chartered Accountant in Public Practice may be like when Standard Business Reporting (SBR) is fully implemented in Australia.

Story Trevor Pyman

Kim Smith, a recently qualified Chartered Accountant, sat at her desk and wondered whether the system would be up today. She had never experienced a day like yesterday, when a lightning strike caused the Internet to go down at her small suburban practice and they reverted to manual processes

remind her of what had not been completed on time yesterday, as well as what was due today. "Do the easy ones first," she thought to herself and selected *Client Management Reports* and then *Retrieve and Process All*.

Within a few seconds, the system had retrieved the data from the various

that's much faster than yesterday's debacle. Time to grab a quick coffee."

As Smith headed for the tea room she thought about how, yesterday, it had taken eight of them more than five hours to type in and correct all the trial balances from just the 20 clients who had printed and faxed in their data to get their financial statements and performance reports done. The bank recs were hell. In the end, they only had time to review, comment and release a dozen reports back to clients. The partners would be tied up all day with damage control visits to the other clients today.

One of the partners had reminisced to her about the good old days when clients got these reports once a year and waited weeks or months after year-end before getting them ... "And they were happy," he chuckled musingly.

"As if," she thought. "These days, our clients are screaming after only one day's wait, and they get their reports monthly now. How could they possibly have been happy with the old way we operated?"

VALUE-ADDING ADVICE

Smith thought about yesterday and how hard it was to get the data into the system, balanced, reconciled and corrected before they could even start working on the reports. Apparently, before business financial data was standardised and could be drawn into systems electronically, up to half an accountant's time was spent doing this tedious manual work.

"No wonder they couldn't keep staff," she thought. "Who'd want to do that stuff for more than a day? I signed up to be an accountant, not a data entry clerk! And clients. Who would pay professional rates for that kind of work? If staff didn't want to do the work and clients didn't want to pay for it – how the heck did the firm ever make money? It was either hellishly difficult or maybe the partner was pulling my leg."



to get the work done. Some of the older partners seemed oddly pleased to be showing off their skills in paper reconciliations and spreadsheet cut-and-paste operations. "Don't they realise they got through less than a tenth of what the office would have achieved in a normal day," Smith lamented quietly to the other recently qualified Chartered Accountant. Today would be a big catch up day.

Smith's initial fears were overcome when the network started up normally and she logged in to the system. As expected, several alerts popped up on screen to

accounting packages used by the clients whose management reports were due today (or prior), together with all their bank account transactions from whichever bank they used and various indices from the Australian Bureau of Statistics. Smith watched the progress bar on the screen as it tracked the time taken to do bank reconciliations then form up their standard set of financial statements and performance reports. It said 10 per cent complete after 30 seconds.

"That's a bit slower than normal," thought Smith. "Although there are 57 of them,

Smith returned to her desk to find that the process had finished and eight of the 57 management reports had exceptions reported from the checklist program. Two were transactions that couldn't be matched between the bank statement and client GL files and the rest were results outside established trend lines. "These are the fun ones," she thought as she started calling clients to ascertain what had caused them.

She brought the clean ones up on screen and paged through the financials, looking for things that appeared odd or that she could use to discuss with her client. The objective, as always, was to write up a brief, yet powerful, report on the client's financial performance for the month and advice/recommendations for the future. She then released these reports so that the clients could view them online. The system automatically sent the emails to the relevant clients to let them know that their monthly financial performance reports were now available. Smith and the partners were then

SIMPLIFYING REQUIREMENTS

The Standard Business Reporting program (SBR) is a multi-agency initiative to simplify business-to-government reporting.

Reporting requirements will be simplified by eliminating unnecessary reporting and making forms easier to understand. Business accounting and record keeping software will be used to automatically pre-fill government forms and the electronic interactions between businesses and participating agencies will be improved through a single sign on process.

SBR represents a long-term government investment in the efficiency of Australian businesses, with the initial implementation scheduled for July 2010. The agencies involved at this stage include the Australian Bureau of Statistics (ABS), Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission (ASIC), Australian Taxation Office (ATO) and Offices of State Revenue (OSRs).

As well as benefits from the reduction in reporting costs and efforts, the standardisation of business and financial information will have wide ranging consequences and benefits to the way we do our work as Chartered Accountants.

scheduled to make calls to the clients to walk them through the high and low parts of the reports and take them through the recommendations. This type of value-adding advisory work, which had attracted her to the accountancy profession midway through her first degree, is what took most of the time these days.

Smith put in the calls to clients on the exceptions and completed half the performance advisory reports (the straightforward ones) by morning tea. For a change of pace Smith decided to do all the tax filings. With a click of the mouse the system drew in all the additional accounting and payroll information from client systems and/or external payroll providers and checked it.

One report indicated no general exemption claimed for a new employee, yet the Tax Office had indicated via their secure web service that this TFN had no other current employment noted. She rang the client and they confirmed this was an error. The client updated the TFN Declaration details and corrected their payroll system while she was on the phone. An updated TFN advice was also automatically sent to the Tax Office directly from the client's payroll system.

Another showed that the GST-collected balance did not reconcile to the expected GST on sales for the month. She clicked *Drilldown* and the transactions supporting the GST balance were imported from the client's accounting system and displayed in Smith's analysis package. With a click of her mouse, the system filtered out all transactions where the GST matched the expected amount and displayed only two transactions, both on the last day of the month and both with zero GST. Smith called the client who checked and found that somehow the GST had been inadvertently turned off on that transaction type. The client fixed the system parameter, corrected these entries in the system and reposted the transactions.

She then re-imported the client data, ran the process again for a clean result and prepared the BAS files for the Tax Office. These required the partner to digitally sign them on behalf of the client. On clicking her submit button, an alert popped up on the relevant partners' screens to let them know the BAS returns were ready to file. Sometime in the afternoon the partner would read the reports that gave a quick analysis of the returns as well as a quality assurance checklist, so they could be confident all was in order and then sign and


send them electronically to the Tax Office. The Tax Office analysed and processed the returns in real time and, if all was in order, issued refunds to client bank accounts or sent a confirmation back of the amount payable, which electronically updated clients' accounts payable systems and ledger files. If any problems were detected by the Tax Office, a message would be sent back electronically – immediately explaining the problem and suggesting the remedy.

NOT FAR-FETCHED

Now for Payroll Tax, Bureau of Statistics surveys and maybe even some income tax returns.

Sound a bit far-fetched? Well, it shouldn't. The technology and standards to achieve what is described here are available right now. This scenario reflects the messages that were presented at the November 2007 SBR/XBRL Conference in Brisbane by Dutch accounting firms on how a similar standards-based reporting project recently implemented in the Netherlands has impacted their industry. The Federal Government, in conjunction with state governments through the SBR program, is laying the foundations, as you read this, for all to become a reality within the next three years.

What do you need to do? Well, that depends a lot on what your business does. The key will be understanding what the SBR program is all about and how it impacts your business or practice. It will help to understand a bit about the technology itself so you are aware of what it can and can't do to help you and your clients achieve the anticipated savings in compliance costs. If you have an accountant, then ask them what it means to your business. If you are an accountant, then there are a few places to get the information you need:

- > the Institute has been one of the major drivers of the underlying technical standard (XBRL) and will no doubt respond to calls for advice and guidance through their Continuing Education Program
- > the not-for-profit entity XBRL Australia that was established by the Institute and CPA Australia has general information on its website at xbri.org/au and runs workshops for those who want more detail
- > to get involved in developing the SBR solution, or receive updates about SBR progress and related initiatives, send an email to standardbusinessreporting@treasury.gov.au. 

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