

AAT: The indispensable element **July 2010**

T/DIALOGUE

The NGO landscape

Challenges and opportunities for
accounting personnel in
the non-commercial sector



Hong Kong Institute of
Accredited Accounting Technicians
香港財務會計協會

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From the President's Desk

Dear members and students,

It is my pleasure to report to members and stakeholders that we have had a fruitful year since the launch of our new qualification framework (NQF) in June 2009. This new framework aims to establish HKIAAT membership as a valid and valued attainment in its own right. Under the NQF, we are very pleased that the numbers of new students and applications for the examinations and exemptions from the AAT Examination have recorded a significant rise of 45% and 10% respectively.

We have dedicated a great deal of effort into promoting the NQF to our stakeholders. As you may already be aware, in June this year we have launched a new advertising creative in MTR stations and bus shelters located in prime commercial districts. These adverts reinforce the key message that AATs possess the all-round competencies which every employer needs. While we shall continue to encourage more young people to acquire our qualification in order to move their careers forward, it is even more important that the qualification continues to gain recognition from employers, both in their roles of supporting staff who want to study for the AAT qualification and recruiting AATs.

Around 10,000 AAT graduates and members make their contributions to the society by working in various industries. According to our latest survey, about 2% of our members are currently working in non-governmental organizations (NGOs). The rising demand for social services in Hong Kong and NGOs' accountability towards the public means there are ample opportunities for AATs in this area. I strongly recommend that those who are interested in pursuing career in this sector read the cover story of this issue. This article will give you the latest outlook for the sector, while examining the unique financial reporting and corporate governance requirements of public sector entities.

In this issue, we interview the winning teams in the Accounting and Business Management Case Competition 2009-2010. Now in its eighth year, the competition has become one of the most reputable contests of its kind. The competition offers secondary and sub-degree students a chance to enhance their knowledge and analytical skills while arousing their interest in accounting. I am glad to hear that most of the students from winning teams have decided to pursue further studies in accountancy. I look forward to seeing these aspiring young people join the profession in the future.

The HKIAAT will continue to develop the accounting technician profession through the NQF and to nurture the younger generation in secondary schools and tertiary institutes. Your staunch support is important to us as we all work together for the betterment of the accounting profession.



Johnson Kong
President

New Examination and Exemption Fees

The examination and exemption fees for the Accredited Accounting Technician (AAT) Examination will be increased to HK\$450 each for Papers 2 to 8 effective from the June 2011 session. Examination enrolments and exemption applications received on or after 1 October 2010 will fall under the new fee structure.

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	Current fees	New fees (effective from June 2011 session)
Paper 1	\$800	\$800
Papers 2 - 8	\$400	\$450

Syllabuses Update for June 2011 Session

Updated syllabuses for the Professional Bridging Examination (PBE) and Accredited Accounting Technician (AAT) Examinations will be adopted with effect from the June 2011 session onwards. You can download the updated syllabuses from our website: www.hkiaat.org.

The accounting software used in AAT Examination Paper 1 – Fundamentals of Accounting and Computerized Accounts will be upgraded with effect from the June 2011 session onwards as follows:

December 2010 session:	MYOB Premier Version 10 (English version)
June 2011 session onwards:	MYOB Premier Plus Version 13 (English version)

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Recall of the HKIAAT Study Text for AAT Examination Paper 1



Kaplan Financial (HK) Limited (Kaplan), the publisher of the HKIAAT's official study texts for the AAT Examination, is now recalling study text for AAT Examination Paper 1 "Fundamentals of Accounting and Computerized Accounts", with immediate effect:

Study text title:

AAT Examination Paper 1 "Fundamentals of Accounting and Computerized Accounts" (Paper 1 Study Text)

Editions: 2008 & 2009

ISBN: 978-988-17210-1-3

HKIAAT students may now redeem a copy of 2010 edition of the Paper 1 Study Text by returning your copy

of either 2008 or 2009 editions to one of the following addresses from now to 30 September 2010.

HKIAAT – 27/F Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (tel. 2823-0600)

Kaplan Admiralty Campus – Unit 2, 1/F Far East Finance Centre, 16 Harcourt Road, Admiralty (tel. 2526-3686)

Kaplan Wanchai Campus – 1/F Lucky Centre, 165-171 Wanchai Road, Wanchai (tel. 2116-3704)

Kaplan would like to express its sincere apologies to all students of AAT Examination Paper 1 for any inconvenience caused. **T/D**

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Reduction in practical experience requirement *for QP graduates from the HKIAAT route*

The Hong Kong Institute of CPAs (the Institute) by-law 41(2) has been amended to reduce the practical experience requirement **from five to three years** for Institute membership admission for the HKIAAT graduates who do not hold a degree but have met the Qualification Programme (QP) graduate entry requirement and have passed the QP. This brings the practical experience requirement for QP graduates from the HKIAAT route in line with that for degree-holding QP graduates. The by-law amendments will take effect on 1 July 2010. **T/D**

Advertisement

The Accounting and Business Management Case Competition Dashing forward with a fruitful learning experience



By Isabella Lam

Now in its eighth year, the finals of The Accounting and Business Management Case Competition organized by HKIAAT were held at The Hong Kong Federation of Youth Groups Building in North Point on 20 April 2010. With a record number of 249 participating teams representing 58 secondary schools and 17 tertiary institutions, competition was keen in this year's exciting finals.

To survive and thrive in the accounting industry, professionals have to arm themselves with detailed accounting knowledge and analytical skills. Given the fierce competition in today's business world, this competition aims to enhance students' accounting competency and generic skills and help them pave the way for their future accounting careers.

The organizers chose Sa Sa International Holdings Limited (Sa Sa) as the selected company for this year's case study. Participating teams had to submit a written report giving recommendations on strategies to sustain Sa Sa's business growth for the next three years. The selected finalist teams then presented the key ideas of their business development plans to the adjudicating panel and audience, giving the teams the opportunity to demonstrate their analytical and presentation skills.

The team led by Lee Hiu Tung, Chelsea from Hong Kong Community College of The Hong Kong Polytechnic University took the Tertiary Institute Group prize with its outstanding performance.



Perseverance and division of labour contribute to the teams success.

Wholehearted devotion

The team, which was the centre of attention during the oral presentation section, showed great presentation skills with its members' well-organized and concise presentation.

“We believe that we'll get our rewards as long as we contribute, so we've spent a lot of time on the preparation. For example, we attended seminars run by the HKIAAT to find out what to prepare for the competition, and to learn the skills in writing formal written reports. These skills are useful not only for this competition but also for our further studies,” says Chelsea.

Lam Shu Hei, Janice agrees and says, “We also read annual reports and did some research. Before the final competition, we even stayed at school to practice the presentation together until midnight!”

“When we joined the competition, we didn't dream of winning. We just wanted to enrich our experience and learn more about accounting outside the classroom. However, the more effort we put in, the more excited we got. We really wanted to win,” Huang Man Ping, Natalie recalls.

When asked about their winning edge, Wong Tsz Ning, Irene says, “I think it was our perseverance. It's important to be united and have a strong will to strive for the best.”

Perseverance is certainly an important factor in dealing

with challenges. However, there are other factors involved on the path to success.

Full display of strengths

Having excellent team spirit is one of these. “As four of us are good friends, we understand each other very well; we know each others' thoughts simply through eye contact and gestures. Above all, we always discussed everything during the preparation process to make sure that all voices were heard,” says Janice.

“We talked about anything and were free to express different opinions and point out the problems in order to improve our presentation,” Natalie adds.

Assignment of tasks was another vital element in the team's success. The team assigned work according to its members' strengths. “For instance, Irene and I were responsible for ratio analysis, and Janice and Natalie worked on management analysis. It's easier to handle the written report if you divide the tasks well,” Chelsea explains.

This strategy enabled each team member to display their individual strengths, at the same time ensuring that everything ran smoothly.

Time management matters

Since all the team members are final year students, they found it hard to handle the assignments, exams and the



“A good presenter should make the audience understand the message with a clear voice and coherent tone.” Best Presenter (Secondary Group) Yim Kit Wing.



Teamwork is conducive to good performance.

competition all at the same time. Time management was of the utmost significance. “When we prepared for the competition, we were in the ‘peak season’ of our assignments. It was hard to allocate time to the numerous tasks that we need to cope with,” says Irene.

“Also we had taken different electives, so our schedules were different. This made it even more difficult for us to meet and work on the competition, so we really made the most of the time we had together,” Janice adds.

When asked about their future plans, the girls reveal that they have been offered internship opportunities at Sa Sa. “We will be working at the account department at Sa Sa for three months! It’s a valuable opportunity for us to widen our horizons and enrich our accounting experience,” says Natalie.

“It’s really a big gift from the competition! We’re so excited about it. I’m sure we will learn a lot in these three months. When we finish the internship, we will carry on our studies,” Chelsea remarks. Most members of the winning team have already gained admission to local universities to study degree programmes in accountancy or BBA.

Broadening horizons

In the Secondary School Group, a team led by Au Hok Man from CCC Ming Yin College took first place, outshining competitors with a presentation that drew

comments from the adjudicators as being “creative and outstanding”.

“We’re so amazed to be the champions. This was a really big surprise for us as we’ve never thought we would win,” says Hok Man. “We thank our accounting teacher Ms. Chim for encouraging us to join the competition. It’s really an unforgettable experience,” team member Ho Cheuk Nga adds.

“I hope that students can apply what they’ve learnt in the classroom to real life. Participating in activities organized by external bodies is a good way for them to broaden their horizons,” says Iris Chim, their accounting teacher.

The team gained a lot from the competition. “Now we understand that there’re lots of things we need to learn about accounting, and because of the competition, we’ve learnt many new concepts that we had not yet been taught at school,” Chan Ho Nga reveals.

“The competition helped us develop comprehensive and in-depth thinking skills. We also learned the importance of teamwork, and to always support each other,” Yim Kit Wing adds.

Mutual support

When you are in a team, it is crucial that you are considerate and offer support to your team members in order to maintain strong team spirits. This winning team talks about how they supported each other.



The winning team in the secondary school group came from CCC Ming Yin College.



The adjudicators comment the champion team of secondary group as being "creative and outstanding".

"Before we joined this competition, when we worked on group projects or presentations at school, we were only concerned with our own part of a project and worked on everything individually. But this competition required teamwork and consistency, so we learned to be more interactive and supportive," Kit Wing continues.

"Thanks to our mutual support, my presentation skills have improved a lot as my teammates helped me identify my weaknesses," Hok Man adds.

Another pair of eyes

Unity is strength. A united and mutually supportive team can gain many advantages. "At the beginning, we were still not clear of our direction, so cooperation was important if we wanted to make progress," Ho Nga remarks.

Getting started was the hardest part. "Whenever we had any ideas, we wrote them down and shared with teammates later to see if we could turn these thoughts into practice," says Cheuk Nga. "This gave us a lot of momentum."

Ms. Chim understands the power of collective efforts, so she encouraged the school's two teams to get together to brainstorm and discuss their opinions to inspire them to make full use of their creativity, and to turn their ideas into practice.

"For example, I suggested that we make a video to present our ideas, but other teammates felt this was impractical as we didn't have enough time. After many discussions, we

came up with another idea – riddles. This can serve the same purpose, of bringing out our ideas in an interesting way, but required less time to prepare," says Hok Man. The teams were also asked to make their presentation during class and answer challenging questions raised by their classmates.

The students' hard work and commitment were vital to their success; however their teacher's guidance and assistance were a great help.

"Ms. Chim offered us useful views to guide us to the right direction," says Ho Nga. "When it came to the oral presentation, she suggested that we ask our English teacher for comments, so that we could make the presentation more precise and focused," Kit Wing adds.

Both champion teams agree that the competition enabled them to put the accounting knowledge they learnt from the classroom into practice, whilst enabling them to develop soft skills. All of them agree that joining the competition was a new and valuable learning experience. If you want to enjoy this kind of experience as well, join in the next Accounting Case Study Competition. You won't regret it!

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Champion (Tertiary Institute Group) – Hong Kong Community College, The Hong Kong Polytechnic University

Team Leader: Lee Hiu Tung, Chelsea
Members: Huang Man Ping, Natalie
Lam Shu Hei, Janice
Wong Tsz Ning, Irene (Best Presenter)

Champion (Secondary School Group) – CCC Ming Yin College

Leader: Au Hok Man
Member: Chan Ho Nga
Ho Cheuk Nga
Yim Kit Wing (Best Presenter)

The NGO landscape

Corporate governance and
accounting practice

By Eddy Lee



There have been many heated discussions about what define good accounting practices and corporate governance at listed commercial entities. What's less well known is that non-governmental organizations (NGOs) also have to adhere to high standards of governance. In fact, establishing an effective internal system, clear organization structure and processes are not panaceas, but are cornerstones of a public entity. When combined with a defined focus for transparency, accountability and disclosures, these qualities define a successful public organization. In this issue, representatives from NGOs and CPAs discuss the accounting challenges facing NGOs, and talk about the opportunities that this growing sector presents to young accounting personnel.

A good financial and accounting system is the basis of successful corporate governance. NGOs use the same accounting and auditing standards as commercial companies, but there is a stark contrast between the underlying core values of the two types of entity. Commercial firms concentrate on profitability and shareholders' interest; NGOs focus on balanced reserves, efficient deployment of resources and accountability to benefactors – these tend to be the general public, corporate and individual sponsors, and the government.

Hong Kong has over 1,000 NGOs of different natures and sizes receiving recurrent subvention from the government. The Hong Kong Council of Social Service (HKCSS) represents more than 370 non-governmental welfare agencies, such as Hong Kong Red Cross and Caritas, and is committed to enhance accountability of the social service sector and promote the improvement of services. Its agency members provide some 90% of Hong Kong's social welfare services to those in need. "About \$8 billion, or 40%, of its agency members' funding comes through Social Welfare Department, 40% from programme fees and project grants and the rest through public funds including the Community Chest, lottery revenue and the Jockey Club," says Joseph Wong, HKCSS business director (corporate management).

There is no single set of accounting or corporate governance guidelines for NGOs. Each and every publicly accountable body should, depending

on the organization's structure, nature and size, draw up business plans, regulations, internal systems, procedures and a set of reasonable yet high standards of corporate governance in accordance with their own realistic needs and capabilities.

Good accountancy with a small budget – two case studies

NGOs are used to operating with a tight budget for administrative staff, including accounting personnel. The handful of top NGOs can afford to employ a qualified accountant; however many don't have enough cash to spare to hire even a single full-time accounting staff member. Even if they have extra money, they're often not at liberty to decide how to spend it. Sometimes middle management might even have to

do the bookkeeping. Some may employ a part-time accounting clerk or adopt alternative options such as recruiting a volunteer with an accountancy background. But in any case, financial accounts and year-end reports are regularly reviewed by an independent board of directors to ensure the accuracy of the reports and the accountability of the NGO.

Strong support from part-timer and board members

Junior Achievement Hong Kong (JA), an NGO with nine members of staff, spends about 65%-70% of its annual sponsorship of approximately \$5 million on programmes that are designed to help young people's development in areas such as financial literacy and work readiness. The group generates all its income from sponsors such as investment banks and from programme fees, and does not ask for any financial support from the government, even though it is eligible to do so, says Vivian Lau, JA chief executive.

"We would like to have more flexibility with how we deploy our funds, and government grants impose too many restrictions," Lau says. "Most importantly, many organizations would like to co-invest on their potential future employees and contribute to the Hong Kong Society."

JA has one administrative staff member who is

Hong Kong Financial Reporting Standards for NGOs

Just as is the case for commercial firms, NGOs registered with the Companies Registry will be required to file audited financial reports in accordance with Hong Kong Financial Reporting Standards. HKAS20 "Accounting for Government Grants and Disclosure of Government Assistance" is of particular relevance to NGOs, according to Eric Tam, partner of CPA firm BDO Limited. HKAS20 stipulates the conditions as to when grants can be recognized and how accountants should book the two types of grants: asset-related and income-related ones. Organizations that are recipients of public money will also have to file audited financial reports with the relevant government departments such as Social Welfare Department.

"NGOs follow the same high standard of financial reporting as we see in commercial companies. They share the same quality accounting and audit," says Tam, whose firm offers audit services to both commercial organizations and NGOs. The key difference is NGOs will have to comply with certain regulations in accordance with different requirements set out by different fund providers or sponsors.

In addition, while NGOs will also be exempt from tax payments under certain conditions i.e. they cannot offer fees or distribute dividends to their directors, they are required to submit their financial statements for review to the Inland Revenue Department once every few years to ensure their continued eligibility for tax exemption.



Vivian Lau, Junior Achievement chief executive, suggests small-scale NGOs to hire a part-time accountant if the budget is tight.

How tight are budgets at Hong Kong's NGOs?

Joseph Wong at the HKCSS says that of the council's 370 members, only 63 have annual expenditure in excess of \$50 million, while 56 of them have expenses of between \$10 million and \$50 million. Of the remaining 220 with annual expenditure of less than \$10 million, some 58 spend less than \$500,000 a year.

Financial support earmarked for central administration, such as administration personnel, human resources, public relations and accounting personnel, has traditionally be thin at NGOs. HKCSS members spend an average of some 80% of their income on staff and social workers who provide services to the people in need, while the remaining 20% goes to areas including programme expenses and central administration, such as human resources, public relations and accounting staff. This tight allocation of funds exemplifies the importance of clear financial management and operational efficiencies at public accountable bodies.

also responsible for financial data entries, but it has also enlisted help from a retired qualified accountant who helps managed the books on a weekly basis and who files monthly financial reports with Lau and with the executive committee.

Two accounting staff amid rising workload

Due to dwindling government subsidies and increasing competition for funds among NGOs, many are broadening their sources of income by tapping more sponsors for sustainable funding. That, in turn, has created a heavier workload for organizations as they need to prepare reports for each and every sponsor separately, creating demand for more accounting personnel.

Richmond Fellowship of Hong Kong (RFHK), a registered charity organization that provides residential and skill training services for ex-mentally ill people, saw its contribution from the government shrinking to 75% of its total funding this year from last year's 81%, says Fung Cheung-tim, RFHK director. To broaden its income base, RFHK has been introducing more sponsors and increasing fund-raising channels. It has successfully increased its annual turnover to \$40 million, up from \$32 million two years ago. Because of this increase in cash volume, RFHK has assigned two staff (out of the total of 160) to handle daily financial operations. "A university graduate is hired as an accounting officer responsible for tasks including internal audit, and compilation of profit and loss accounts every one to two months to be reviewed by board of director. Another administrative clerk, who

has an accounting background and who is currently studying for the Accredited Accounting Technician qualification, acts as support and provides assistance with daily book entries," Fung says.

Good corporate governance requirement for success

NGOs do not trade in goods or services to derive revenue. They raised funds mainly from capital grants, donations and non-cash concessions from the government, commercial and individual sponsors and social groups in order to provide sustainable services to those in need. As such, it is essential for NGOs to make regular, timely and transparent disclosure of their accounts to benefactors to ensure money is wisely and properly spent, says Ricky Cheng, risk advisory services partner at BDO.

NGOs need to aim to balance their reserves. Ending a financial year with huge profits implies inadequate allocation of funds for programmes or failure to reward staff with proper remuneration packages, and may result in a clawback of funds by sponsors. However, running a loss can adversely affect the smooth, consistent provision of programmes.

Transparency and openness

Commercial firms might not have to, or want to, disclose a detailed breakdown of their full-year expenditure. However, transparency and disclosure is a top priority for NGOs. Sponsors should be kept informed on a timely and open manner of information such as whether sponsorships ended up with





"It is essential for NGOs to make regular, timely and transparent disclosure of their accounts to ensure money is wisely and properly spent", says Ricky Cheng, risk advisory services partner at BDO.

the right target group and service programmes were delivered as pledged. Each year, about 40% of recurrent government expenditure is channelled through subvented groups including schools, social groups, hospitals and clinics. When public money is involved, taxpayers have the right to know how their hard-earned money is being spent, and whether it has been put to good use. Commercial groups are accountable to shareholders; NGOs to the public, their sponsors and the government.

NGOs are scrutinized under stringent disclosure guidelines. The requirements for compliance and audit reports vary between different government departments, so that submissions to the Social Welfare Department as well as the Labour and Welfare Department are different to

those made to the Education Bureau and the Jockey Club. This does not necessarily mean that NGOs must adopt a large number of systems for each benefactor. To ensure internal consistency and facilitate daily operations, organizations can instead produce different reports from one integrated internal system.

Like any governmental body, NGOs should adhere to strict, clear procurement and tender procedures to avoid any conflict of interests among managers, directors, contractors or suppliers. For instance, organizations seek verbal and written quotations as the monetary amount of the procurement progresses, and put up a project or a deal for tender should the deal exceed a certain amount. NGOs often refer to the Independent Commission Against Corruption for guidelines on how to avoid conflicts of interest. If the NGO is making a sizable purchase, each deal will be audited and a report will be submitted to sponsors for review. Any use of public funds will also be uploaded on the Social Welfare Department website for public scrutiny.

Internal audit and board of directors

With the goal of helping sustain public trust in bodies which receive public funds, the government issued its "Guide to Corporate for Subvented Organization" in May 2010. This sets out the principles and best practices relating to corporate governance. Though the guide does not have a binding effect on subvented organizations, it has

raised these organizations' awareness of the need to assess their current performance.

In the absence of a professional accountant, there are still ways in which NGOs can safeguard their assets and help steer their operations in an efficient manner. One of these is through an executive committee. An effective board of directors is a critical component to the success and smooth operation of a NGO.

An NGO always has an executive committee or a board of directors overseeing operations. The board should help develop a mission, and ensure the organization is living up to its pledge and is effectively performing in clearly defined functions and roles.

Board or committee members should include of a good mix of people – people equipped with balanced skill sets and who are independent from the NGO. They should be able to offer advice including financial and operational strategies, as well as resources development and management accounting. The committee should provide strategic direction, help draft proper business plans and ensure the NGO complies with relevant laws, guidelines and standards.

Frequent and close interactions and communications among board members and management are essential to keep both parties focused on the same goals, sharing same the visions and expectations. Board members should also help



Fung Cheung-tim of RFHK says NGOs have constant demand for accounting personnel but it is also hard for them to retain staff.

monitor the ethics and integrity of managers and ensure that the roles and responsibilities of managers are clearly defined.

JA, like other NGOs, often seeks major financial, strategic and managerial advice from its executive board, which comprises high-profile directors from major listed companies who have plenty of financial know-how. A financial manager, who is also a qualified accountant, monitors and reports on a regular basis the financial health of the organization to the financial chair. The organization runs through its books and holds regular meetings with the executive committee to ensure the accounts and budgets are in good order. Regular periodic reports and annual reports are submitted simultaneously to managers and to board members as part of the NGO's good corporate governance practice.

"Our board members are reputable business leaders who provide us with useful and constructive insights," says Lau of the JA. "It would be difficult for us to run the organization without them."

Separately, the establishment of good internal control processes can ensure, for instance, spending limits on individual departments, entries of accurate daily accounts, assurance of proper use of funds and whether certain projects are value for money. It also boosts operational efficiency including day-to-day cash management, reprioritization and redeployment of resources. The existence of an internal audit committee facilitates better risk management and helps in the avoidance of malpractice. Managers can, in a speedier manner, spot red flags or abnormalities such as ineligible expenditure claims or fake membership claims for more funding.

"Sizable non-profit organizations including YWCA and charity group Yan Oi Tong set up their internal audit committees two years ago. But having a relatively sophisticated internal control system or measures is still not very popular in many smaller NGOs," Wong of the HKCSS says.

Room for improvement in NGO corporate governance

Although Hong Kong's NGOs are often run on thin budgets, many have been able to live up to basic good corporate governance and accounting practice. Industry players see Hong Kong NGOs closing the gap with their peers in countries such as the US, the UK and Australia. But that's not to say there's no room for improvement.

"Educational institutions, for instance, could introduce an accounting course designated for NGOs to better prepare upcoming generations for opportunities in this growing sector," suggests Fung of the RFHK. "As of today, no tertiary institution offers a designated course on accountancy for NGOs."

To better supervise the organization, training should be provided for new staff members and the board of directors to ensure a clear understanding of the NGO's mission and structure. NGOs can also look for more effective means of facilitating and improving communications between the agency and its benefactors. In addition to regular year-end reports, there could be more frequent communication and disclosure. Organizations should

initiate delivery of more timely reports upon completion of projects or make public declarations, with supporting documents, on sensitive issues to ease public concerns. Information should be made available to a greater audience via wider channels, such as the internet.

The deadline for year-end report submission could be brought forward. Wong at the HKCSS recommends shortening the period from four to five months after the end of the fiscal year, compared with the current six-month period, a move that might generate a heavier workload, but which could be resolved by more efficient daily operations. NGOs could also consider disclosing attendance records at board meetings and internal control subcommittees. Regular communications between NGOs and stakeholders can ensure expectations from both sides are aligned and can help show whether the organization properly caters to the needs of the beneficiaries.



Joseph Wong at HKCSS says many NGOs do not have proper internal control measures.

Challenges and opportunities for young accounting personnel

The NGO sector is a large employment sector in Hong Kong. Around 170,000 staff are employed in this sector, which is about the same as the number of permanent civil servants. With the rise in number of social enterprises, and with improving awareness of better accounting practices and corporate governance, there will be many job opportunities for young, passionate accounting personnel.

To date it has not been easy to woo youngsters into this sector. Some people find remuneration packages offered by NGOs pale in comparison against those on offer in the commercial sector. NGOs, due to their small scale, often lack opportunities for advancement and a clear career path. Existing accounting staff may be insensitive to tax issues in the commercial world if they ended up spending too much time working at NGOs.

NGOs are constantly on the lookout for accounting personnel,” says Fung of the RFHK. “I worry about how to retain staff, not only accountants but also information technology specialists, social workers, human resources professionals – all kinds of staff. We have become a constant training field for the bigger NGOs and commercial firms.”

While this structural problem is unlikely to go away anytime soon, Fung says that he strives to retain staff, by providing them with a “happy and harmonious” working

environment. In the face of an increasing workload with more and larger report submissions, he plans to create more senior positions, offering existing employees room to climb the career ladder.

Despite all the challenges, NGOs have a lot to offer for young accounting personnel or those raring to be qualified accountants: a stable, quota-free and straightforward working environment. The structure at NGOs tends to be less complicated and less hierarchal. Also, NGOs often have less office politics. NGOs provide the ideal platform for those who need time to further their education, whereas working long and irregular hours at commercial entities can eat into trainees’ personal time and affect their studies.

Closer public scrutiny of NGOs can help boost awareness of board members and managers towards the need for a better organizational structure, operational efficiencies, timelier and more accurate accounts as well as a higher level of corporate governance. But none of the public organizations should ever feel complacent. With the expectations and needs of stakeholders evolving rapidly, together with a rising awareness of the public’s right to know how its money is spent, it is crucial for those involved in or thinking of pursuing a career in the public sector to keep constantly updated on the latest policies, procedures, standards and regulations to ensure the NGOs continue to uphold good governance standards.

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AAT Qualification as the

Bedrock for successVersatile AAT
Mei Ling Teng

By Foster Yim

From being a junior accounts clerk to becoming an accountant, and a matriculated graduate to a degree holder, Mei Ling Teng tells us how the Accredited Accounting Technician (AAT) qualification supports her ambition in her career and studies, enabling her to constantly improve her life.

Like many AATs, Teng discovered her interest in accounting early in high school. She chose to take accounting at matriculation. After graduation, she entered a shipping company, working as a junior accounts clerk. At that time, she had no idea of the importance of studying for a professional qualification, not until she changed her job.

When her office relocated, Teng had to spend a lot more time on her daily commute. As a result

she made herself available in the job market again and started working for her current employer, CRE Properties, which is engaged in property investment, management and development.

The bigger a company is the higher quality it demands of its personnel. Accounting personnel therefore need a professional qualification that is commensurate with the rising accounting needs in Hong Kong. Teng opted for the AAT qualification because she felt that this was the most attractive option in terms of its flexibility. The practical nature of the syllabus and its high reputation also appealed to her. Two years after joining CRE Properties she was promoted to senior accounts clerk – soon after she started studying for the AAT examinations. When she completed all the AAT examination papers, she was further promoted to be an assistant accountant; after another two years, she became an accountant. Now, Teng is at the middle level of the eight-person accounting team, and is responsible for handling the full set of accounts, filing tax returns, and reviewing the completed assignments of her two subordinates, like data entry, cash balance reports, receipts and cheques.

Teng says the process of taking the AAT examinations was quite smooth. She spent about three years completing seven papers and passed all of them in one go. Out of the eight AAT examination papers, she finds Paper 5 “Hong Kong Taxation” is most useful to her daily work. “Whenever I work on the

accounts, especially on tax computation, I find my taxation knowledge gained from Paper 5 helps a lot. It made me understand the operation of Hong Kong taxation system, and made me capable of mastering the applications of principles and computation of various tax liabilities, which contribute my self-confidence in my current role,” Teng says.

Contrary to the majority view, Teng thinks that Business Law is an easy subject. “What’s the most difficult part of law? Yes, you need to understand the many unfamiliar phraseologies and terminologies. But at the end of the day, studying for this examination does not prepare us to be lawyers. It just aims to give an understanding of accounting-related legal concepts. So, if one spends time memorizing these phraseologies and terminologies (even if it is just rote learning), and understanding the theories, studying this subject shouldn’t be a problem!”

Time is a common challenge for most AAT examination candidates though, especially the fact that many of them are working in the daytime. “You need to spend a lot of time in studying and preparation, so time management is very important,” Teng says.

Passing all AAT examination papers boosted Teng’s confidence, paving the ground for her further studies. After attaining the AAT qualification, she studied an Advanced Diploma in Accounting and Finance, which offered her a bridge to the final year of a BA (Hons) in Accounting and Finance programme offered by a UK university. “The AAT qualification has been a cornerstone for my development. It gave me the necessary foundation for further studies

and has accelerated my achievements,” says Teng, who will complete her degree in August.

Over the years, Teng has put a great deal of time and effort into her career and academic accomplishments. What’s her next plan? “My next goal is to take a good care of my family. I am getting married, starting a new chapter in my life. Life is full of different choices; one simply can’t have them all! Success is a journey where every steps count. Therefore, we have to think carefully and make the right decisions. Looking back, however, I am thankful to the HKIAAT. If I have not attained the AAT qualification, I wouldn’t have had so many choices in my career and studies. And I think I have made the most of them! ”

As Ben Stein says, “The first step to getting the things you want out of life is this: Decide what you want”. If you want a professional qualification that is widely recognized, and can prepare you for your future career and education needs, AAT is your answer!

T/D

Teng’s career and study path:

Form 7 graduation	1997
Junior accounts clerk in Mitsui O.S.K. (Asia) Ltd	1998-2000
Accounts clerk / Senior accounts clerk / Assistant accountant / Accountant – CRE Properties	2000-present
Undertook and completed the Accredited Technician Examination (ATE) (with an exemption from one paper)	2002-2005
Studied an Advanced Diploma in Accounting & Finance awarded by ABRS	2007-2008
About to complete a bachelors degree from the University of Greenwich	August 2010



Passport to success – Mandy Yim

A bridge to a bright career

Climbing up the professional career ladder requires a great deal of effort. Auditing professional Mandy Yim, Audit Assistant Manager at Y K Li & Co, talks about the hard work needed and how she started on her career path with the AAT qualification.

By Aldric Chau

A right decision from the start

After graduating from the Hong Kong Institute of Vocational Education, Yim was as confused as most graduates about her career development. She decided to venture into the accounting industry because of the professionalism associated with the career. Over time she has found herself developing an enormous passion towards this profession – a passion which has motivated her from the time she first joined her employer firm eight years ago as an audit assistant.

Having decided on accounting, Yim opted for the AAT qualification organized by the HKIAAT, following advice from her tutor when she was studying for an accounting diploma programme. She later found that the qualification opened the right door to opportunities for her.

Challenges in the exams

To a fresh graduate without much hands-on work experience and on-the-job knowledge, the AAT Examination was a challenge at first. “Auditing and business law, as I remember, were the most difficult papers,” Yim recalls. At school there was more emphasis

on costing subjects while auditing, financial management and law were all new to her. Fortunately she enrolled in some AAT Examination preparatory courses which helped in grooming her up for the examination challenge.

Taking the AAT Examinations was a chance for Yim to gain all-round exposure and understanding of various areas of accounting. Some of the skills learnt are still useful in her work today. For instance, in preparing for the taxation paper, she built up a solid foundation in tax calculations, something she still finds very practical in her day-to-day work. “Calculating deductible allowances, knowing what is allowable and what is not, is one of the basic tasks that I and other auditors have to handle daily. Because of my studies for the AAT Examination, I get these basics right,” says Yim.

What’s in it for an auditor

As Yim specialises in auditing, the auditing paper in the AAT Examination proved to be practical, placing emphasis on the adherence to procedures. Comparing examinations in AAT and Qualification Programme (QP), Yim believes that the former focus more heavily on

procedural treatment. Despite the fact that auditors go to different lengths to follow procedures, Yim insists that following procedures is an integral part of an auditing career, and one that has to be strictly guarded.

Not only did this practicality help Yim at work, but it has also nurtured her transition via the Professional Bridging Exam (PBE) to the QP. “In the AAT Examination Paper 7 “Financial Accounting”, I picked up numerous reporting standards which formed a skeleton for my QP studies.” Yim is convinced that it was being an AAT that helped her career since the fact she had the qualification won her a job interview, which started her on her path to professional development with her current firm.

From a specialist to a manager

Promotion to Assistant Audit Manager was a drastic transition for Yim. As she attained more qualifications, the depth and breadth of her areas of responsibility expanded, from repetitive data entry to more sophisticated issues such as audit of financial instruments, involving complex accounting standards. Some of her major responsibilities to date include reviewing the client’s financial operation models and assessing estimation and valuation. Yim also works in a managerial capacity to ensure that the team yields good results and quality deliverables to clients efficiently.

Although her career path appears to be smooth and stable, Yim points out that the road to success is not totally free of troubles. One of the challenges is in observing the frequent changes in accounting standards. “I have to be the first person to pick up any changes in standards, communicate them with my team, and make sure we handle our projects professionally according to the latest standards,” Yim notes also for her company’s encouragement and training for her success.

Genuine job satisfaction

Yim admits that long working hours and the frequent changes in accounting standards make auditing a

challenging job. However, the job satisfaction that comes when a spreadsheet balances or when a client is satisfied with your work, placing trust in your professional judgement, outweighs all the problems.

Equipped with a reputable qualification, rich experience in the industry and a good position within an audit firm, Yim plans to take her next career step by focusing more on the management side of the business. Personnel management, for example, is one of the new areas she is planning to explore. “How you engage a team and steer it towards a common goal requires a lot of soft skills that have to be accumulated through experience,” Yim notes. To become a better manager, she is considering studying for an MBA to further enhance her capabilities in this area.

In retrospect, this audit professional reckons that taking the AAT Examination was the very first step that let her realise her career goals and achievements. Her advice to candidates sitting for the AAT Examination is to be fully prepared by practising with past examination papers – with repeated practice she is convinced every student can pass the examinations and get their own accounting career off to a great start.

T/D

Study and career path of Mandy Yim

Graduated from F.5	1997
Accounting Diploma – Hong Kong Institute of Vocational Education (Lee Wai Lee)	2000-2002
Undertook and passed AAT Examination (Attained Paper 6 to 8)	2001-2002
Undertook and passed Professional Bridging Examination (PBE)	2002-2003
Completed Hong Kong Institute of CPAs Qualification Programme (QP)	2004-2009
Audit Assistant - Y K Li & Co	2002-2003
Auditor - Y K Li & Co	2004-2005
Audit Senior - Y K Li & Co	2006-2007
Audit supervisor - Y K Li & Co	2008-2009
Audit assistant manager - Y K Li & Co	2010

LIFE Coach

By William Tong



What is coaching?

According to the Hong Kong International Coaching Community, a coaching relationship is described as a client-driven partnership between the coach and the client in which the coach helps the client to focus on “creating positive change, expanding possibilities and unleashing potential” through the coach’s skilful communication in creating awareness in the client, exploring, clarifying, and sharing of insights, tools, resources and experiences with the client. Coaching is a term borrowed from sports where athletes are coached to stretch their physical limits and excel.

What is life coaching?

The term life coach is loosely defined. Wikipedia describes life coaching as a future-focused practice that aims to help clients determine and achieve personal goals. Hence a life coach helps clients cope with adversities and excel in their performance in all different aspects of life. Coaches are sometimes grouped into 30 or more categories in certain coaching institutions to help clients locate the specialty of the coach.

In 2005, life coaching was even used as a theme for a Hollywood movie called “The Life Coach”, which was

presented as a mockumentary about the rise and fall of Hollywood’s life coach to the stars.

How does a life coach operate?

Similar to accounting profession, life coaching services are mostly charged by the hour spent on the client, either face-to-face or over the phone. Life coaches market their services over the internet, through websites or through videos uploaded to YouTube. Their clientele is built by referrals and word of mouth.

The coach and client get together to discuss the progress on tasks focused on at agreed time intervals; these may range from weekly to monthly, depending on the client’s needs.

In what way does a life coach help?

Everyone needs to be understood. A life coach who is well-trained can be a good resource because he/she empathetically listens to the client talk about his/her difficulties. A good life coach “walks with the client” through rain and shine, asks thought-provoking questions that elicit answers from the client, and empowers the client without judging. A dynamic life coach is often a

motivator who can gain trust from the client, and who guides the client towards successes as defined by the client. The outcome of successful life coaching is often an ever onward progress towards a future that promises a fulfilling and happy life.

What do most new members need to get ahead in career?

Most new students, who are often freshly graduated from secondary school, do not know what they want in their career. Those who are attracted to becoming accounting technicians are often motivated by the examination scheme, which is taken as an unambiguous pathway to success. The immediate goal is to pass all the HKIAAT examinations, and subsequently more examinations with the Hong Kong Institute of CPAs. This seemingly long haul requires not only integration of knowledge but also perseverance, patience, and passion. What students need to stay on track are perhaps a compassionate ear and a companion that provides insight and motivation at every milestone. This is where the life coach comes in. We all understand the kind of stress that follows when the workload is heavy, there's little time for examination preparation, the last examination failure seems like yesterday, and the next examination dates are just around the corner. This is the time when we hope that someone can give us some insight as to how we can handle our time more effectively, and how we can study more efficiently.

What if I can't afford to engage a life coach?

Life coaching is in itself a career. Life coaches take on assignments for a living by receiving fees based on hourly charges from clients. However, some life coaches provide pro-bono services for various reasons, and this could be one of the ways to engage a life-coach in an affordable manner.

Many different professional associations, educational institutions and even employers have established mentorship programs. A mentor is a more experienced

person who plays the role of counsellor or teacher as well as a friend to guide a less experienced person. Newcomers to the profession are paired with these more experienced members who advise and serve as role models. The concept of mentor is different from that of a coach in the sense that mentors are not specifically trained as coaches to provide insight through powerful and thought-provoking questions. While a coach is not necessarily knowledgeable about the details of a certain profession, a mentor usually is. The mentor is usually able to provide the mentee with guidance as to how the mentee can make progress in examinations, advance in his/her career, and make business connections. Mentors are usually volunteer members of the organization. They are assigned to orientate and guide newly joined members for a certain period of time. Since a mentor is usually not trained, he or she may not be a perfect substitute for a life coach. However, a genuine mentor / mentee relationship can often last much longer than a coaching engagement since coaching is, after all, a business transaction and mentorship is not.

For your career advancement, you need to ask yourself: is it time for me to engage a coach or a mentor? **T/D**

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William Tong is a professional accountant. He specializes in executive coaching and training in management soft skills. His expertise includes strategic planning, setting goals, and making things happen. He delivers cultural changes and helps people to excel in life. He can be reached at wtong@transformation.com.hk

Over the years, I've been privileged to interview many, many candidates. I work as a corporate psychologist, helping senior business leaders to make better hiring decisions. I've also designed assessment centres and trained managers in how to interview candidates more effectively. So when I tell you that most candidates do not present themselves well at interview, you can take my word for it.

I believe that the essentials of performing well at a job interview can be summed up by what I call the four Cs of interviewing: competence, confidence, chemistry, and commitment. Let's take each in turn.

Of course, competence is important but demonstrating your competence during an interview isn't just about communicating the technical skills you have. Most employers are less interested in your technical skills than your broader management and interpersonal skills. The fact that you have been invited to an interview means that the employer already knows you have the right technical skills. Your qualifications are unlikely to be an issue. More importantly, you need to convey whether you possess initiative, you're a good team player, you can make effective decisions, and you can deliver results by a deadline.

Start preparing for an interview by referring to the original job advertisement. Read it and pick out the key words and phrases that tell you what the employer is looking for. Next, think of examples you can talk about to show how you've applied those skills in a work setting.

Boosting your chances of interview



SUCCESS

By Dr. Rob Yeung

For example, imagine an interviewer has asked you “Tell us about a time you demonstrated initiative” or “Can you give us an example of a team that you played a major part in?”

In bringing to mind appropriate examples to use, bear in mind that you need to focus on the actions you took that resulted in a positive conclusion. If you gathered certain information that allowed you to make an effective decision, then tell the interviewers exactly what data you collected and how you made the judgement. If you had to change the mind of a colleague, say so. If you had to put in extra hours to get the right result, be sure you explain that to the interviewer. Remember that interviewers are not mind readers. Unless you tell the interviewers exactly what your personal contribution was, you can’t hope to impress them.

However, an interview is not just about competence. Confidence is important too. Try to focus on your body language and be sure to make enough eye contact. A good rule of thumb is to always look the interviewers in the eyes when they are speaking. However, when you are speaking, it is acceptable to glance away occasionally and make eye contact only 70 to 80 percent of the time – otherwise you will come across as slightly unhinged, as if you are trying to stare at your interviewers and intimidate them!

Think also about the tone of your voice. If you want to come across as confident, then the best thing you can do is to record yourself while you run through a mock interview with a friend.



Few people enjoy listening to themselves. But you can learn so much from listening to yourself answering just a handful of practice interview questions.

You will discover whether you speak clearly or loudly enough – or perhaps even too loudly. You will learn whether you speak too quickly or whether you may need to inject greater urgency into your voice occasionally. You will uncover whether you speak in too high or too low a pitch or perhaps too much of a monotone. Once you have identified the flaws in your speaking voice that perhaps hint at a lack of confidence, you can begin to work on them to convey greater certainty. After all, no employer wants to hire someone who has the competence to do the job but lacks confidence to put that competence into play.

Chemistry – or a rapport – is the third element of what you need in order to land the job. And you can demonstrate that by displaying an appropriate sense of humour. If the interviewer engages you in small talk about your journey, the weather, local or international news events, and so on, then respond appropriately. You want to come across as a warm, likeable human being rather than a stiffly competent worker with no social skills.

I used to work at a large American consulting firm and we used to call this the Pittsburgh Airport Test. Back then, we were told that Pittsburgh Airport in the United States was a rather dull place to be. So the question we were

always asking ourselves when we interviewed candidates was: How would we feel if our flight got cancelled and we were trapped at the airport for 24 hours with the candidate? Would we happily pass the time together or would we have so little to talk about that we would be completely bored? So make sure you pass the Pittsburgh Airport Test by smiling and using appropriate humour – for example making a self-deprecating joke that pokes fun at yourself is always a good way to show that you don't take yourself too seriously.

The final C is commitment. Employers want to know that you are committed to working for their particular organization. Even though they may accept that you are applying for jobs with several organizations, they want to believe that you want to work for theirs the most. So make sure you do your research and are able to give a great answer to the question: “So why do you want to work for us?”

A little preparation and practice can make all the difference when it comes to landing a job. Do it, and your next great job is out there waiting for you.

T/D

Dr Rob Yeung is a psychologist and executive coach at leadership consulting firm Talentspace and author of bestselling career and management books including *Personality: How to Unleash Your Hidden Strengths* (Prentice Hall Life) and *The Rules of Networking* (Marshall Cavendish). You can follow him on Twitter: @RobYeung