

Accountants and Auditors

(0*NET 13-2011.01, 13-2011.02)

Significant Points

- Most jobs require at least a bachelor's degree in accounting or a related field.
- Overall job opportunities should be favorable, although jobseekers who obtain professional recognition through certification or licensure, a master's degree, proficiency in accounting and auditing computer software, or specialized expertise will have an advantage.
- An increase in the number of businesses, changing financial laws and regulations, and increased scrutiny of company finances will drive growth of accountants and auditors.

Nature of the Work

Accountants and auditors help to ensure that the Nation's firms are run efficiently, its public records kept accurately, and its taxes paid properly and on time. They perform these vital functions by offering an increasingly wide array of business and accounting services to their clients. These services include public, management, and government accounting, as well as internal auditing. Beyond the fundamental tasks of the occupation—preparing, analyzing, and verifying financial documents in order to provide information to clients—many accountants now are required to possess a wide range of knowledge and skills. Accountants and auditors are broadening the services they offer to include budget analysis, financial and investment planning, information technology consulting, and limited legal services.

Specific job duties vary widely among the four major fields of accounting: *public, management, government, and internal.*

Public accountants perform a broad range of accounting, auditing, tax, and consulting activities for their clients, who may be corporations, governments, nonprofit organizations, or individuals. For example, some public accountants concentrate on tax matters, such as advising companies of the tax advantages and disadvantages of certain business decisions and preparing individual income tax returns. Others offer advice in areas such as compensation or employee healthcare benefits, the design of accounting and data-processing systems, and the selection of controls to safeguard assets. Still others audit clients' financial statements and report to investors and authorities that the statements have been correctly prepared and reported. Public accountants, many of whom are Certified Public Accountants (CPAs), generally have their own businesses or work for public accounting firms.

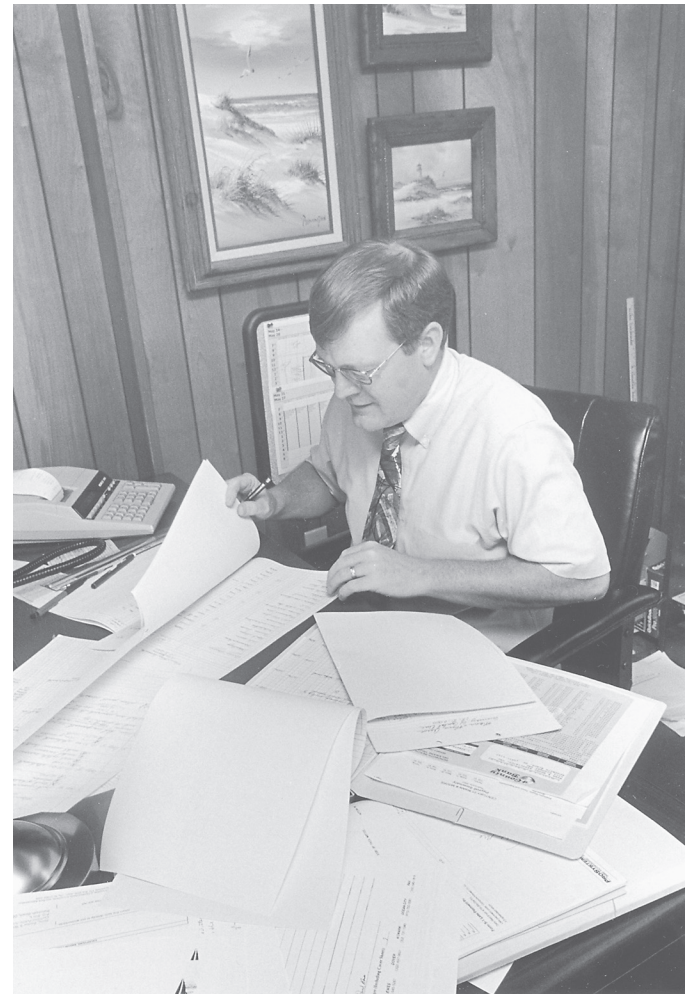
Some public accountants specialize in forensic accounting—investigating and interpreting white collar crimes such as securities fraud and embezzlement, bankruptcies and contract disputes, and other complex and possibly criminal financial transactions, such as money laundering by organized criminals. Forensic accountants combine their knowledge of accounting and finance with law and investigative techniques in order to determine if illegal activity is going on. Many forensic accountants work closely with law enforcement personnel and lawyers during investigations and often appear as expert witnesses during trials.

In response to the recent accounting scandals, new Federal legislation restricts the nonauditing services that public accountants can provide to clients. If an accounting firm audits a client's finan-

cial statements, that same firm cannot provide advice in the areas of human resources, technology, investment banking, or legal matters, although accountants may still advise on tax issues, such as establishing a tax shelter. Accountants may still advise other clients in these areas, or may provide advice within their own firm.

Management accountants—also called cost, managerial, industrial, corporate, or private accountants—record and analyze the financial information of the companies for which they work. Other responsibilities include budgeting, performance evaluation, cost management, and asset management. Usually, management accountants are part of executive teams involved in strategic planning or new-product development. They analyze and interpret the financial information that corporate executives need to make sound business decisions. They also prepare financial reports for nonmanagement groups, including stockholders, creditors, regulatory agencies, and tax authorities. Within accounting departments, they may work in various areas, including financial analysis, planning and budgeting, and cost accounting.

Government accountants and auditors work in the public sector, maintaining and examining the records of government agencies and auditing private businesses and individuals whose activities are subject to government regulations or taxation. Accountants employed by Federal, State, and local governments guarantee that revenues are received and expenditures are made in accordance with laws and regulations. Those who are employed by the Federal Government may work as Internal Revenue Service agents or in financial



Accountants and auditors carefully analyze financial data and prepare financial reports and tax returns for clients.

management, financial institution examination, or budget analysis and administration.

Internal auditors verify the accuracy of their organization's internal records and check for mismanagement, waste, or fraud. Internal auditing is an increasingly important area of accounting and auditing. Internal auditors examine and evaluate their firms' financial and information systems, management procedures, and internal controls to ensure that records are accurate and controls are adequate to protect against fraud and waste. They also review company operations—evaluating their efficiency, effectiveness, and compliance with corporate policies and procedures, laws, and government regulations. There are many types of highly specialized auditors, such as electronic data-processing, environmental, engineering, legal, insurance premium, bank, and healthcare auditors. As computer systems make information timelier, internal auditors help managers to base their decisions on actual data, rather than personal observation. Internal auditors also may recommend controls for their organization's computer system to ensure the reliability of the system and the integrity of the data.

Computers are rapidly changing the nature of the work for most accountants and auditors. With the aid of special software packages, accountants summarize transactions in standard formats for financial records and organize data in special formats for financial analysis. These accounting packages greatly reduce the amount of tedious manual work associated with data management and recordkeeping. Computers enable accountants and auditors to be more mobile and to use their clients' computer systems to extract information from databases and the Internet. As a result, a growing number of accountants and auditors with extensive computer skills specialize in correcting problems with software or in developing software to meet unique data management and analytical needs. Accountants also are beginning to perform more technical duties, such as implementing, controlling, and auditing systems and networks, and developing technology plans and budgets.

Increasingly, accountants also are assuming the role of a personal financial advisor. They not only provide clients with accounting and tax help, but also help them develop personal budgets, manage assets and investments, plan for retirement, and recognize and reduce exposure to risks. This role is a response to client demands for a single trustworthy individual or firm to meet all of their financial needs. However, accountants are restricted from providing these services to clients whose financial statements they also prepare. (See financial analysts and personal financial advisors elsewhere in the *Handbook*.)

Working Conditions

Most accountants and auditors work in a typical office setting. Self-employed accountants may be able to do part of their work at home. Accountants and auditors employed by public accounting firms and government agencies may travel frequently to perform audits at branches of their firm, clients' places of business, or government facilities.

Most accountants and auditors generally work a standard 40-hour week, but many work longer hours, particularly if they are self-employed and have numerous clients. Tax specialists often work long hours during the tax season.

Employment

Accountants and auditors held about 1.1 million jobs in 2002. They worked throughout private industry and government, but 1 out of 5 wage and salary accountants worked for accounting, tax preparation, bookkeeping, and payroll services firms. Approximately 1 out of 10 accountants or auditors were self-employed.

Many accountants and auditors are unlicensed management accountants, internal auditors, or government accountants and auditors; however, a large number are licensed Certified Public Accountants. Most accountants and auditors work in urban areas, where public accounting firms and central or regional offices of businesses are concentrated.

Some individuals with backgrounds in accounting and auditing are full-time college and university faculty; others teach part time while working as self-employed accountants or employed as accountants for private industry or government. (Elsewhere in the *Handbook* see teachers—postsecondary.)

Training, Other Qualifications, and Advancement

Most accountant and auditor positions require at least a bachelor's degree in accounting or a related field. Beginning accounting and auditing positions in the Federal Government, for example, usually require 4 years of college (including 24 semester hours in accounting or auditing) or an equivalent combination of education and experience. Some employers prefer applicants with a master's degree in accounting, or with a master's degree in business administration with a concentration in accounting.

Previous experience in accounting or auditing can help an applicant get a job. Many colleges offer students an opportunity to gain experience through summer or part-time internship programs conducted by public accounting or business firms. In addition, practical knowledge of computers and their applications in accounting and internal auditing is a great asset for jobseekers in the accounting field.

Professional recognition through certification or licensure provides a distinct advantage in the job market. CPAs are licensed by a State Board of Accountancy. The vast majority of States require CPA candidates to be college graduates, but a few States substitute a number of years of public accounting experience for a college degree. As of early 2003, based on recommendations made by the American Institute of Certified Public Accountants (AICPA), 42 States and the District of Columbia required CPA candidates to complete 150 semester hours of college coursework—an additional 30 hours beyond the usual 4-year bachelor's degree. Another five States—Arizona, Minnesota, New Mexico, New York, and Virginia—have adopted similar legislation that will become effective between 2004 and 2009. Colorado, Delaware, New Hampshire, and Vermont are the only States that do not require 150 semester hours. Many schools have altered their curricula accordingly with most programs offering masters degrees as part of the 150 hours, and prospective accounting majors should carefully research accounting curricula and the requirements of any States in which they hope to become licensed.

All States use the four-part Uniform CPA Examination prepared by the AICPA. The 2-day CPA examination is rigorous, and only about one-quarter of those who take it each year passes every part they attempt. Candidates are not required to pass all four parts at once, but most States require candidates to pass at least two parts for partial credit and to complete all four sections within a certain period. Most States also require applicants for a CPA certificate to have some accounting experience. In May 2004, the CPA exam will become computerized and offered quarterly at various testing centers throughout the United States.

The AICPA also offers members with valid CPA certificates the option to receive the Accredited in Business Valuation (ABV), Certified Information Technology Professional (CITP), or Personal Financial Specialist (PFS) designations. The addition of these designations to the CPA distinguishes those accountants with a certain level of expertise in the nontraditional areas in which accountants

are practicing more frequently. The ABV designation requires a written exam, as well as completion of a minimum of 10 business valuation projects that demonstrate a candidate's experience and competence. The CITP requires payment of a fee, a written statement of intent, and the achievement of a set number of points awarded for business experience and education. Those who do not meet the required number of points may substitute a written exam. Candidates for the PFS designation also must achieve a certain level of points, based on experience and education, and must pass a written exam and submit references.

Nearly all States require CPAs and other public accountants to complete a certain number of hours of continuing professional education before their licenses can be renewed. The professional associations representing accountants sponsor numerous courses, seminars, group study programs, and other forms of continuing education.

Accountants and auditors also can seek to obtain other forms of credentials from professional societies on a voluntary basis. Voluntary certification can attest to professional competence in a specialized field of accounting and auditing. It also can certify that a recognized level of professional competence has been achieved by accountants and auditors who have acquired some skills on the job, without the formal education or public accounting work experience needed to meet the rigorous standards required to take the CPA examination.

The Institute of Management Accountants (IMA) confers the Certified Management Accountant (CMA) designation upon applicants who complete a bachelor's degree or attain a minimum score on specified graduate school entrance exams. Applicants, who must have worked at least 2 years in management accounting, also must pass a four-part examination, agree to meet continuing education requirements, and comply with standards of professional conduct. The CMA program is administered by the Institute of Certified Management Accountants, an affiliate of the IMA.

Graduates from accredited colleges and universities who have worked for 2 years as internal auditors and have passed a four-part examination may earn the Certified Internal Auditor (CIA) designation from the Institute of Internal Auditors (IIA). The IIA recently implemented three new specialty designations—Certification in Control Self—Assessment (CCSA), Certified Government Auditing Professional (CGAP), and Certified Financial Services Auditor (CFSA). Requirements are similar to those of the CIA. The Information Systems Audit and Control Association confers the Certified Information Systems Auditor (CISA) designation upon candidates who pass an examination and have 5 years of experience in auditing information systems. Auditing or data-processing experience and a college education may be substituted for up to 2 years of work experience in this program. For instance, an internal auditor might be a CPA, CIA, and CISA.

The Accreditation Council for Accountancy and Taxation, a satellite organization of the National Society of Public Accountants, confers three designations—Accredited Business Accountant (ABA), Accredited Tax Advisor (ATA), and Accredited Tax Preparer (ATP)—on accountants specializing in tax preparation for small- and medium-sized businesses. Candidates for the ABA must pass an exam, while candidates for the ATA and ATP must complete the required coursework and pass an exam. Often, a practitioner will hold multiple licenses and designations.

The Association of Government Accountants grants the Certified Government Financial Manager (CGFM) designation for accountants, auditors, and other government financial personnel at the Federal, State, and local levels. Candidates must have a minimum of a bachelor's degree, 24 hours of study in financial manage-

ment, and 2 years' experience in government, and must pass a series of three exams. The exams cover topics in governmental environment; governmental accounting, financial reporting, and budgeting; and financial management and control.

Persons planning a career in accounting should have an aptitude for mathematics and be able to analyze, compare, and interpret facts and figures quickly. They must be able to clearly communicate both written and verbally the results of their work to clients and managers. Accountants and auditors must be good at working with people, as well as with business systems and computers. At a minimum, accountants should be familiar with basic accounting software packages. Because financial decisions are made based on their statements and services, accountants and auditors should have high standards of integrity.

Capable accountants and auditors may advance rapidly; those having inadequate academic preparation may be assigned routine jobs and find promotion difficult. Many graduates of junior colleges and business and correspondence schools, as well as bookkeepers and accounting clerks who meet the education and experience requirements set by their employers, can obtain junior accounting positions and advance to positions with more responsibilities by demonstrating their accounting skills on the job.

Beginning public accountants usually start by assisting with work for several clients. They may advance to positions with more responsibility in 1 or 2 years, and to senior positions within another few years. Those who excel may become supervisors, managers, or partners; open their own public accounting firm; or transfer to executive positions in management accounting or internal auditing in private firms.

Management accountants often start as cost accountants, junior internal auditors, or trainees for other accounting positions. As they rise through the organization, they may advance to accounting manager, chief cost accountant, budget director, or manager of internal auditing. Some become controllers, treasurers, financial vice presidents, chief financial officers, or corporation presidents. Many senior corporation executives have a background in accounting, internal auditing, or finance.

In general, public accountants, management accountants, and internal auditors have much occupational mobility. Practitioners often shift into management accounting or internal auditing from public accounting, or between internal auditing and management accounting. However, it is less common for accountants and auditors to move from either management accounting or internal auditing into public accounting.

Job Outlook

Employment of accountants and auditors is expected to grow about as fast as the average for all occupations through the year 2012. An increase in the number of businesses, changing financial laws and regulations, and increased scrutiny of company finances will drive growth. In addition to openings resulting from growth, the need to replace accountants and auditors who retire or transfer to other occupations will produce numerous job openings in this large occupation.

As the economy grows, the number of business establishments will increase, requiring more accountants and auditors to set up books, prepare taxes, and provide management advice. As these businesses grow, the volume and complexity of information developed by accountants and auditors regarding costs, expenditures, and taxes will increase as well. Increased need for accountants and auditors will arise from changes in legislation related to taxes, financial reporting standards, business investments, mergers, and other financial matters. The growth of international business also has led

to more demand for accounting expertise and services related to international trade and accounting rules, as well as to international mergers and acquisitions. These trends should create more jobs for accountants and auditors.

As a result of the recent accounting scandals, Federal legislation was enacted to increase penalties, and make company executives personally responsible for falsely reporting financial information. These changes should lead to increased scrutiny of company finances and accounting procedures, and should create opportunities for accountants and auditors, particularly Certified Public Accountants, to more thoroughly audit financial records. In order to ensure finances comply with the law before public accountants conduct audits, management accountants and internal auditors will increasingly be needed to discover and eliminate fraud. And, in an effort to make government agencies more efficient and accountable, demand for government accountants should increase.

Increased awareness of financial crimes such as embezzlement, bribery, and securities fraud will also increase the demand for forensic accountants to detect illegal financial activity by individuals, companies, and organized crime rings. Computer technology has made these crimes easier to commit, and it is on the rise. But, development of new computer software and electronic surveillance technology has also made tracking down financial criminals easier, thus increasing the ease and likelihood that forensic accountants will discover their crimes. As success rates of investigations grow, demand will also grow for forensic accountants.

The changing role of accountants and auditors also will spur job growth, although this growth will be limited as a result of financial scandals. In response to demand, some accountants were offering more financial management and consulting services as they assumed a greater advisory role and developed more sophisticated accounting systems. Since Federal legislation now prohibits accountants from providing nontraditional services to clients whose books they audit, opportunities for accountants to do non-audit work could be limited. However, accountants will still be able to advise on other financial matters for clients that are not publicly traded companies, and for nonaudit clients, but growth in these areas will be slower than in the past. Also, due to the increasing popularity of tax preparation firms and computer software, accountants will shift away from tax preparation. As computer programs continue to simplify some accounting-related tasks, clerical staff will increasingly handle many routine calculations.

Overall, job opportunities for accountants and auditors should be favorable. After most States instituted the 150-hour rule for CPAs, enrollment in accounting programs declined; however, enrollment is slowly beginning to grow again as more students are attracted to the profession because of the attention from the accounting scandals. Those who pursue a CPA should have excellent job prospects. However, many accounting graduates are instead pursuing other certifications such as the CMA and CIA, so competition could be greater in management accounting and internal auditing than in public accounting. Regardless of specialty, accountants and auditors who have earned professional recognition through certification or licensure should have the best job prospects. Applicants with a master's degree in accounting, or a master's degree in business administration with a concentration in accounting, also will have an advantage. In the aftermath of the accounting scandals, professional certification is even more important in order to ensure that accountants' credentials and ethics are sound.

Proficiency in accounting and auditing computer software, or expertise in specialized areas such as international business, spe-

cific industries, or current legislation, may be helpful in landing certain accounting and auditing jobs. In addition, employers increasingly seek applicants with strong interpersonal and communication skills. Because many accountants work on teams with others from different backgrounds, they must be able to communicate accounting and financial information clearly and concisely. Regardless of one's qualifications, however, competition will remain keen for the most prestigious jobs in major accounting and business firms.

Earnings

In 2002, the median wage and salary annual earnings of accountants and auditors were \$47,000. The middle half of the occupation earned between \$37,210 and \$61,630. The top 10 percent of accountants and auditors earned more than \$82,730, and the bottom 10 percent earned less than \$30,320. In 2002, median annual earnings in the industries employing the largest numbers of accountants and auditors were:

Federal Government	\$51,070
Accounting, tax preparation, bookkeeping, and payroll services	49,520
Management of companies and enterprises	49,110
Local government	44,690
State government	42,680

According to a salary survey conducted by the National Association of Colleges and Employers, bachelor's degree candidates in accounting received starting offers averaging \$40,647 a year in 2003; master's degree candidates in accounting were initially offered \$42,241.

According to a 2003 salary survey conducted by Robert Half International, a staffing services firm specializing in accounting and finance, accountants and auditors with up to 1 year of experience earned between \$29,500 and \$40,500. Those with 1 to 3 years of experience earned between \$34,000 and \$49,500. Senior accountants and auditors earned between \$41,000 and \$61,500; managers earned between \$47,500 and \$78,750; and directors of accounting and auditing earned between \$66,750 and \$197,500 a year. The variation in salaries reflects differences in size of firm, location, level of education, and professional credentials.

In the Federal Government, the starting annual salary for junior accountants and auditors was \$23,442 in 2003. Candidates who had a superior academic record might start at \$29,037, while applicants with a master's degree or 2 years of professional experience usually began at \$35,519. Beginning salaries were slightly higher in selected areas where the prevailing local pay level was higher. Accountants employed by the Federal Government in nonsupervisory, supervisory, and managerial positions averaged \$69,370 a year in 2003; auditors averaged \$73,247.

Related Occupations

Accountants and auditors design internal control systems and analyze financial data. Others for whom training in accounting is valuable include budget analysts; cost estimators; loan officers; financial analysts and personal financial advisors; tax examiners, collectors, and revenue agents; bill and account collectors; and bookkeeping, accounting, and auditing clerks. Recently, accountants have assumed the role of management analysts and are involved in the design, implementation, and maintenance of accounting software systems. Others who perform similar work include computer programmers, computer software engineers, and computer support specialists and systems administrators.

Sources of Additional Information

Information on accredited accounting programs can be obtained from:

► AACSB International—Association to Advance Collegiate Schools of Business, 600 Emerson Rd., Suite 300, St. Louis, MO 63141. Internet: <http://www.aacsb.edu/accreditation/AccreditedMembers.asp>

Information about careers in certified public accounting and CPA standards and examinations may be obtained from:

► American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Internet: <http://www.aicpa.org>

Information on CPA licensure requirements by State may be obtained from:

► National Association of State Boards of Accountancy, 150 Fourth Ave. North, Suite 700, Nashville, TN 37219-2417. Internet: <http://www.nasba.org>

Information on careers in management accounting and the CMA designation may be obtained from:

► Institute of Management Accountants, 10 Paragon Dr., Montvale, NJ 07645-1760. Internet: <http://www.imanet.org>

Information on the Accredited in Accountancy, Accredited Business Accountant, Accredited Tax Advisor, or Accredited Tax Preparer designations may be obtained from:

► Accreditation Council for Accountancy and Taxation, 1010 North Fairfax St., Alexandria, VA 22314. Internet: <http://www.acatcredentials.org>

Information on careers in internal auditing and the CIA designation may be obtained from:

► The Institute of Internal Auditors, 247 Maitland Ave., Altamonte Springs, FL 32701-4201. Internet: <http://www.theiia.org>

Information on careers in information systems auditing and the CISA designation may be obtained from:

► Information Systems Audit and Control Association, 3701 Algonquin Rd., Suite 1010, Rolling Meadows, IL 60008. Internet: <http://www.isaca.org>

Information on careers in government accounting and the CGFM designation may be obtained from:

► Association of Government Accountants, 2208 Mount Vernon Ave., Alexandria, VA 22301. Internet: <http://www.agacgfm.org>

Information on obtaining an accounting or auditing position with the Federal Government is available from the U.S. Office of Personnel Management (OPM) through a telephone-based system. Consult your telephone directory under U.S. Government for a local number or call (703) 724-1850; Federal Relay Service: (800) 877-8339. The first number is not tollfree, and charges may result. Information also is available from the OPM Internet site: <http://www.usajobs.opm.gov>.