

NEW ACCOUNTANT



Accounting for Tomorrow The CPA Profession and the AICPA

Featuring An Interview with AICPA President and CEO Barry Melancon

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Accounting for Tomorrow: The CPA Profession and the AICPA

PURSUING A CAREER IN THE CPA PROFESSION IS A surefire way to succeed in business. CPAs' skills and business knowledge enable them to enter and excel in many areas, including large companies, small businesses, public practice, government, not-for-profits and education. CPAs provide services to employers and clients that are much in demand in every industry and region of the country. Their ability to understand and interpret financial information gives them a competitive edge in the job market and opens up a broad range of career paths. No matter what your career dreams are, being a CPA is a great way to achieve them.

The corporate reform efforts of recent years have only served to underscore the value of the CPA's skills. In fact, according to CFO magazine, while job candidates with MBAs were once highly sought after, because of the intense focus on financial reporting today, "executive recruiters favor another set of letters: CPA."

The American Institute of CPAs is the premier professional organization for CPAs, serving as a resource and advocate for accountants and the public. This article will describe the profession and all it has to offer, and explain how the AICPA works to enhance its members' skills and opportunities. It will demonstrate why beginning an accounting career today will offer career benefits tomorrow—and well into the future.

What You Should Know About the Profession

The CPA profession is built on a foundation of independence, trust, and reliability. CPAs are the only professionals licensed to audit financial statements.



It's clear that many successful and dynamic people are attracted to the opportunities offered by the accounting profession.

The objective of a financial statement audit is to add credibility to what the company's management puts in its financial statements. Access to capital markets, mergers, acquisitions and investment activities depend not only on the information that management provides in financial statements, but also on the degree of assurance CPAs provide as to fairness and accuracy. The outside auditor forms an opinion on the overall fairness, in conformity with generally accepted accounting principles (GAAP), of the financial statements by testing these financial amounts and disclosures. This opinion is communicated in the auditor's report. The report may notify financial statement readers about material departures from GAAP, changes in accounting principles or a variety of other matters. By performing audits, CPAs help to ensure that investors, regulators and other interested parties receive reliable information about companies' finances. This service to the public is the cornerstone of the profession.

Becoming a CPA. How do you qualify to become a CPA? A fundamental requirement is to take and pass the Uniform CPA Examination (see "The New Computerized CPA Exam"). Once you pass the exam, you must then qualify to be licensed by your state as a CPA. All of the states set their own educational and professional prerequisites for licensure.

1. Education requirements. In most states, CPA candidates must have completed 150 hours of education at an accredited college or university. This level of education makes it possible to introduce students to a wide range of business issues along with the latest developments in accounting, technology and other relevant fields. It lays the foundation for the kind of demanding and rewarding career that you can expect to have in the CPA profession.

There are a variety of ways to fulfill the education requirement, but most programs lead to a graduate degree. For instance, the accounting programs at many colleges and universities meet the requirements for a master's of science degree in accounting or taxation. Others meet the 150-credit-hour requirement through an undergraduate accounting degree plus a master of business administration in areas such as finance, marketing, management or information systems.

It is also possible to meet the education requirement with a nonbusiness or nonaccounting undergraduate degree combined with an MS or an MBA in accounting, provided you complete all the requisite accounting and business coursework needed to take the CPA exam.

2. Professional experience. In addition to 150 hours of education, most states require some public accounting experience for CPA certification. Through this experience, prospective CPAs are introduced to the audit process and other aspects of the profession.

Some states have additional work, education and ethics requirements. To get more information about states' specific licensure requirements, go to the National Association of State Boards of Accountancy Web site at www.nasba.org or call (615) 880-4200.

Career Possibilities. In many fields, your training will prepare you to work in a fairly narrow range of jobs, but the exact opposite is true of the CPA profession. There are opportunities for CPAs wherever business is done. CPAs act as analysts, consultants and decision makers in a wide range of situations.

CPAs work in every kind of business or industry. They serve as advisors to government leaders.

They work for museums and performing arts organizations and for charities that make a difference in their communities. Many CPAs are entrepreneurs, running their own public practices. They may consult with corporate chieftains and with enterprising Mom-and-Pop operations. You may be surprised to learn that the Federal Bureau of Investigation, one of many government agencies that employs CPAs, has said that its goal is to ensure that 15% of all new agents are CPAs. There truly are no limits on the options for professionals with the CPA credential.

Here are the areas in which most CPAs work:

- **Business and industry.** CPAs provide companies with the

information they need for key decision making. Whatever industry appeals to you, your CPA designation can help you make a career in that field. Your choices might range from high tech to finance to manufacturing to entertainment and sports to emerging start-ups. Within those businesses, CPAs work on projects involving finance, tax, internal audit and a range of other issues.

- **Public practice.** Professionals who work in CPA firms serve a large variety of clients, including corporate, small business, government, not-for-profit and individuals. They might perform any of a number of services, including tax planning, auditing and accounting, technology consulting, business valuation, personal financial planning, environmental accounting

The New Computerized CPA Exam



After years of pen-and-paper exams, the Uniform CPA Examination recently went electronic. The new computerized version makes it possible to better evaluate a candidate's research, analytical, judgment and communications skills. You can take the exam at numerous times year-round, not just twice a year as in the past, and candidates have flexible

scheduling options. The exam is offered at over 300 quiet, climate-controlled testing labs around the country that provide private testing carrels. In most states, candidates can choose to take the four test sections together or at different times, as long as they pass all four sections within 18 months. The test sections are auditing and attestation; financial accounting and reporting; regulation; and business environment and concepts. The AICPA provides tools and information to help CPA candidates understand the new computerized exam, along with an archive of free Webcasts and sample tests, at www.cpa-exam.org.

or forensic services. The size of a public accounting firm might range from a multinational practice with thousands of employees to a sole practitioner running his or her own business.

- **Not-for-profits.** Both charities and arts organizations need CPAs' financial expertise to help them make the most of their budgets.

- **Government.** CPAs work in every branch and level of government,

ensuring that budgets are managed correctly and funds spent properly.

- **Academia.** Accounting educators teach, write books and magazine articles and engage in curriculum design and development. Many also offer consulting services to businesses in their areas of specialization.

Recent changes. You may be aware that there has been a tremendous corporate reform effort under way in Washington and on Wall Street

in recent years. Because of a rash of corporate scandals, investors and politicians have demanded that companies, among other things, improve their corporate governance efforts and offer more reliable information to financial statement users. In response, Congress passed the Sarbanes-Oxley Act of 2002, which has added new governance and disclosure requirements for companies whose stocks are publicly traded. The law also created the Public Company Accounting Oversight Board, which

Opportunities for Women and Minorities

The AICPA has created numerous resources for women and minorities interested in an accounting career.

- The AICPA Work/Life and Women's Initiatives Executive Committee promotes the advancement of women CPAs and workplace flexibility through research, publications, video and conferences. The committee has published a book, *Promoting Your Talent: A Guidebook for Women and Their Firms*, to help CPAs in public



accounting and business and industry make the most of their accounting career and to provide guidance to employers. The committee is currently working on mentoring guidelines and highlighting female leaders in the profession through the Women to Watch program. To learn more about their efforts, go to <http://www.aicpa.org/worklife>.

In addition, to promote the success of women CPAs, the AICPA Career Center has joined with Catalyst, the leading research and advisory organization working to advance women in business, to focus on professional women's career development needs. The AICPA Career Center is located at www.CPA2biz.com/careers.

- The AICPA Minority Initiatives Committee works to encourage minorities to become accounting majors, provide educational opportunities for them and promote hiring of minorities in the profession.

As part of this effort, this year, the AICPA will award over \$500,000 to more than 150 promising graduate and undergraduate minority accounting students on track to become CPAs. Individual amounts for the scholarships, which are awarded annually, ranged from \$3,000 to \$5,000. Over the last 10 years, the AICPA has awarded more than \$6 million in scholarship to students majoring in accounting.

To learn more about the committee's programs including scholarships, college residency programs, and strategic partnerships with other minority focused organizations, go to <http://www.aicpa.org/members/div/career/mini/index.htm>.

oversees the auditors of public companies and sets public company audit requirements.

The CPA profession has been instrumental in working to improve corporate governance and restore investor confidence in financial reporting. As we noted, corporate reform has also highlighted the value of a CPA's skills. As a result, this is a stimulating and opportune time to enter the CPA profession.

Opportunities Today

Because of the skills and insights they offer to employers, CPAs enjoy attractive starting pay, long-term career stability and ongoing chances for upward mobility.

Competitive salaries. How much can you expect to earn? According to the latest data available in the Salary Guide from Robert Half Finance & Accounting and Accountemps, accountants with up to three years' experience might make as much as \$50,500 in a large CPA firm and up to \$43,000 in a smaller CPA firm. (For all the figures quoted here, those who have the CPA designation might earn as much as 10% to 15% more. In addition, location, education and experience will affect salary figures.) More experienced accountants with four to six years' experience might earn up to \$61,250 at a large firm and up to \$53,750 at a smaller firm.

In corporate accounting, new accountants might earn as much as \$49,500 at a large company and as much as \$42,750 at a smaller business. Those with four to six years' experience could receive up to \$61,500 at large companies and up to \$51,000 at small businesses.

That's only the beginning, of course. In a CPA firm, a first-year partner might expect to earn an average of \$128,150, with that figure rising as your career progresses. In industry, a tax manager might earn as much as \$119,000 a year, depending on the size of the company. A corporate controller could make as much as \$147,000 and a chief financial officer might expect a salary of as much as \$350,000.

Clearly, pursuing an accounting career is a worthwhile investment in your future earning power. In fact, among corporate accounting professionals, "the responsibilities of top finance executives continue to expand---and their compensation is keeping pace," according to Business Finance Magazine. In a survey, the magazine found that 61% of CFOs said they earned more in 2003 than in the previous year, and they predict more increases this year.

Market demand for accountants. The accounting profession also offers tremendous long-term stability. Businesses will always need professionals with accounting

AICPA Resources for Students



If you're thinking about a career in the CPA profession, the AICPA provides many resources and opportunities for students interested in accounting.

Student affiliate membership. This membership option is available to everyone from college freshmen to graduate students, and to recent college graduates who haven't yet passed the CPA exam. For \$35 a year, students receive benefits such as:

- Subscriptions to professional publications
- Access to member discounts on products, services and insurance programs
- Significant discounts on software, professional development courses and conferences
- A discounted \$75 a year subscription to AICPA's reSOURCE online--an electronic library containing AICPA's professional standards, technical practice aids, financial reporting trends and standard setting guidance.
- Ability to apply for two \$2,500 scholarships provided by Accountemps exclusively for AICPA affiliate members.
- Access to the AICPA Competency Self-Assessment Tool (www.cpa2biz.com/cat), a resource to help you assess your skills and engage in career planning
- Access to the AICPA Antifraud & Corporate Responsibility Center (www.aicpa.org/antifraud/homepage.htm)

For more information, go to <http://www.aicpa.org/nolimits/index.htm>.

Career resources. The student career site, www.StartHereGoPlaces.com, provides a thorough introduction to the profession. Along with online workshops and contests, there is also information on career opportunities and insights into the CPA exam.

Online help. The AICPA Web site (www.aicpa.org) has a clearinghouse of information on the accounting profession. It also provides CPA exam facts and news on the profession.

expertise, which means that they will always need CPAs. And because of the new focus on corporate accountability, the director of one Master's of Accounting program says his graduates are virtually guaranteed multiple job offers, according to CFO magazine.

Looking toward the long term, the Department of Labor's Bureau of Labor Statistics predicts that the demand for accounting professionals should grow about as fast as the average for all occupations through the year 2012. Among the factors

the Bureau cites that will likely create more jobs for accountants and auditors are:

- Ongoing business creation.
- The growth of international trade.
- Calls for greater government accountability.
- The heightened awareness of the need for financial expertise in light of recent corporate scandals.

Promising students clearly recognize what the CPA profession has to offer. According to AICPA studies, the number of college

accounting majors has increased by 17% during the years 2000-2003, and business school accounting programs are similarly seeing greater interest from students.

The prospects are bright for new accountants from all walks of life. (See "Opportunities for Women and Minorities.") And accounting is a career that can be adapted to changing lifestyles. Many positions held by CPAs offer flexible schedules and work-at-home options that enable professionals to balance their work and personal lives. To read

CPAs Identify Top Ten Technologies

Who are some of the most important participants in the high tech field? CPAs, that's who. CPAs' business knowledge and analytical skills give them the savvy necessary to advise employers or clients on technology issues. Because of CPAs' prominence in this field, the AICPA each year releases a list of Top 10 Technologies that are expected to have the greatest impact in the near term. For 2004, those technologies were:

1. **Information security, the hardware, software, processes and procedures that protect an organization's systems, such as firewalls, anti-virus software, password management, patches and locked facilities.**
2. **Spam technology, which focuses on the use of technology to reduce or eliminate unwanted e-mail.**
3. **Digital optimization. Another term for the**

"paperless office," this involves capturing and managing documents electronically, using PDF and other formats, for example.

4. **Database and application integration, which refers to the ability to update one field in one database and trigger automatic synchronization among multiple databases.**

5. **Wireless technologies, which use the airwaves to transfer voice or data from one machine to another with no physical connection.**

6. **Disaster recovery—or the development, monitoring and updating of plans to keep businesses up and running in the event of theft, sabotage or natural or other disaster.**

7. **Data mining, which provides users with ways to sift through volumes of data to find specific answers.**

8. **The virtual office, which encompasses the technologies, processes and procedures that allow staff to work effectively—alone or with others—regardless of physical location.**

9. **Business exchange technology, which focuses on making it easier to conduct transactions and exchange data over the Internet; for example, the use of XBRL, or extensible business reporting language.**

10. **Messaging applications, which permit users to communicate electronically. They include e-mail, voice mail and instant messaging.**

If you are interested in technology, and in the ways businesses use it, a career in the CPA profession can put you front and center in this dynamic field.



excerpts from the AICPA publication “Flexible Work Arrangements in CPA Firms,” go to <http://www.aicpa.org/nolimits/prof/worklife/index.htm>.

Career paths. As we’ve mentioned, there are many ways in which CPAs can apply their knowledge and training. There is a long list of job titles that a CPA might aspire to, including CEO or CFO of a corporation, partner in a CPA or consulting firm, controller of a government or finance director of a charitable or arts organization. As another example, CPAs who are FBI agents use their forensic accounting skills in white-collar crime cases. The career possibilities truly are endless.

To widen members’ options, the AICPA has created several specialty designations for CPAs who meet certain requirements and want to demonstrate their expertise in a particular field. They are:

- **CPA/PFS (Personal Financial Specialist).** A CPA who has a PFS is credentialed as a personal financial planner and recognized for a unique ability to combine objective advice with comprehensive, professional planning. These personal financial planning professionals advise individual clients and assist them in developing a plan to attain a variety of financial goals, from college savings, retirement and estate planning to wealth management and conservation. For more information about CPA/PFS, please visit www.aicpa.org/pfs.

- **CPA/CITP (Certified Information Technology Professional).** These information technology professionals are recognized for their unique ability to bridge between business and technology for clients and employers. CPA/CITPs may work in business and industry or in public practice. In both cases, they help to identify a company’s current and long-term IT needs and implement solutions that will successfully address them. For more information about CPA/CITP, please visit www.aicpa.org/citp.

- **CPA/ABV (Accredited in Business Valuation).** An ABV is a CPA credentialed as a business appraisal specialist and recognized for a unique ability to bridge between business valuation and accounting principles and standards. These business valuation professionals serve in a multitude of roles, ranging from business appraisal specialists or consultants to companies seeking a merger or acquisition, to expert witnesses testifying in a court case. For more information about CPA/ABV, please visit www.aicpa.org/abv.

For additional information on the AICPA’s general program for specialty designations, go to <http://www.aicpa.org>.

CPAs in the News

How many famous accountants have you heard of? You may not realize that numerous prominent people have a CPA background. They include:

- **Several CPAs serving in Congress: Clay Shaw (R-Fla.), Colin Peterson (D-Minn.), Brad Sherman (D-Calif.) and Mark Kennedy (R-Minn.). In addition, at press time, CPA Mike Conaway was running for Congress in Texas.**
- **Phil Knight, the founder and chair of Nike.**
- **Arthur Blank, co-founder of Home Depot and owner of the Atlanta Falcons.**
- **David Walker, Comptroller General of the United States.**
- **IRS Commissioner Mark W. Everson.**
- **Thomas Pickard, the FBI's former acting director.**
- **Grant Ashley, assistant director in charge of the FBI Criminal Investigation Division.**
- **Mutual fund pioneer Walter L. Morgan.**
- **Former Texas Rangers manager Kevin Kennedy, who prepared tax returns for his players when he was managing in the minor leagues.**
- **Former San Francisco 49er Ray Wersching.**
- **Former Olympian and Villanova University track and field coach Marcus O’Sullivan, who passed the CPA exam.**

An Interview with AICPA President and CEO Barry Melancon



Q. How would you describe the CPA profession?

A. CPAs are people who make sense of a complex and changing business world. We are trusted business advisors to multinational corporations, to Main Street businesses and to individuals. We provide a wide variety of services to our employers and clients, and the profession provides a full range of career options to new and experienced CPAs.

Q. How is the profession responding to recent corporate reform efforts?

A. The profession has advocated corporate reform. We have a long-standing reputation for integrity and reliability, and the public relies on CPAs when faced with business challenges. To enable our members to serve the public and reaffirm their core values of integrity and objectivity, the AICPA is arming CPAs with a range of resources that they can use to serve the public and

maintain their professionalism.

Q. What are some of your current initiatives?

A. We have numerous plans for enhancing CPAs' services to the public and the AICPA's services to members, some of which are discussed in the accompanying article. To address corporate reform and the changing business environment, for example, we are:

1. Educating members and the public about the importance of fraud prevention, and providing members with resources that will help them to detect and prevent fraud. Because we believe CPAs can make an important contribution in this area, we have developed training for CPAs and businesses.
2. Focusing on small business issues. These companies are our country's economic backbone and an important

part of our employment and client base. Among other steps, we have formed the Private Company Financial Reporting Task Force to study some of the challenges these companies face.

3. Working to improve audit quality. We have restructured our auditing standard setting process to better address the needs of private companies and added three new audit quality centers that will help members improve the value and reliability of their services.

4. Promoting better financial reporting. The AICPA believes that financial information should not only be understandable but also available in as close to real time as possible. To that end, we have long advocated a modernized financial reporting process. We have launched a collaborative effort to build an enhanced business reporting model. On another front, the AICPA led the group developing extensible business reporting language, a technology initiative that enables companies to exchange business information more easily.

We think such efforts will help investors, companies and the American economy and provide a strong professional foundation for future CPAs.

Q. How do you see the future of the profession?

A. We will always be the trusted professionals to whom businesses and individuals turn for business advice. We will continue to build on our core values to maintain the strong reputation that CPAs have always enjoyed. CPAs use their knowledge to assist clients in achieving success and in navigating tough economic challenges. That is very rewarding work. CPAs make a difference in people's lives. We are seeking aspiring CPAs who want to take advantage of the many opportunities that our dynamic profession has to offer and who are committed to maintaining the respected reputation of the CPA.

aicpa.org/accrspec/index.htm.

The Profession's Global Reach.

The CPA designation is known and respected throughout the world. If you're interested in international business, the accounting profession offers numerous opportunities. It's possible to get involved in the intricacies of global trade by working for a multinational corporation with offices and business partners around the world, or by joining a CPA firm that has international clients. Whether consulting on an overseas acquisition or navigating international tax laws, CPAs provide valuable expertise in the global business arena.

The Role of the AICPA

As an aspiring CPA, you should familiarize yourself with the work that the AICPA does for the profession and all that it has to offer to individual members. With nearly 340,000 members, the AICPA is the largest national professional organization for CPAs, serving professionals in industry, public practice, government, not-for-profit organizations and academia. The AICPA's major objectives are to:

- Act as the profession's national representative in its efforts to promote and protect the public interest.
- Work to uphold high standards of certification and licensing of CPAs.
- Inform the public about the integrity, objectivity, competence and professionalism of CPAs.
- Recruit new CPAs and support high standards of excellence in accounting education. (See "AICPA Resources for Students.")
- Establish professional standards, help members maintain and enhance

their conduct and expertise, and enforce standards and requirements.

Serving the public interest.

Because the profession is dedicated to serving the public, the AICPA is involved in many initiatives designed to safeguard the public interest. Recent initiatives include:

- 360 Degrees of Financial Literacy. This campaign is aimed at providing the resources necessary to help consumers make sound tax and planning decisions. It features programs that introduce students and educators to key financial planning issues; a disaster planning handbook; and a dedicated Web site and national advertising campaign.
- New audit quality centers. The Institute has created three new specialized audit quality centers to help members improve and maintain the value of their audit services: the Center for Public Company Audit Firms; the Employee Benefit Plan Audit Quality Center; and the Government Audit Quality Center.
- The Audit Committee Effectiveness Center. Audit committees consult with corporate boards of directors on key issues surrounding a company's audit. This center spotlights best practices for corporate management and boards of directors and gives training recommendations for audit committees and the people who work with them.
- Teaming with the FBI. The Institute has partnered with the Federal Bureau of Investigation on a number of initiatives that will help corporate CPAs detect and prevent corporate fraud and other white-collar crimes.
- Advocating for the profession. The Institute also works to ensure that the public is aware of

the accomplishments of the CPA profession and to guarantee that its voice is heard in the legislative and regulatory arenas.

- Image enhancement. The Institute engages in ongoing public image efforts to focus public attention on accountants' high standards and quality service. For example, the CPA Ambassador program trains CPAs to speak out on important issues in order to communicate a positive message about the profession. Radio spots and print ads along with proactive media outreach help portray a positive picture of CPAs.
- Government involvement. The AICPA Washington, D.C., office monitors the work of federal and state legislators and regulators and publicly supports efforts that are in the best interest of the public and the profession.

A Promising Future

This is an exciting time to become a CPA. There is clearly a promising future in store for those who join the profession. Because CPAs have financial savvy combined with a respected reputation, their services are always in demand by both organizations and individual clients. In these complicated times, the public and business leaders have an even greater appreciation for the value that CPAs provide.

How can you get involved? AICPA student membership and other resources can help you take the first step down the road to business success. By educating yourself about an accounting career, you can begin to take advantage of all the opportunities available to aspiring CPAs. And once you get started in the CPA profession, you'll be on your way to making your career dreams come true.