

Accountants and Auditors

(All information, except UB degree program information, is from the US Department of Labor, Bureau of Labor Statistics 2004-2005 Occupational Outlook Handbook.)

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 - [MBA](#)
 - [MS Accounting](#)
- **UB Undergraduate Programs:**
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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.

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.)

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, specific 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.

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 management, 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.