

Accountants



Occupational Brief Title Codes:

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Occupational Subtitles:

- Internal Auditors
- Management Accountants
- Tax Accountants

Work Classification Based Related

D.O.T. Occupations:

- Auditors
- Chief Bank Examiners
- Credit Counselors
- Directors of Utility Accounts
- Estimators

Interests Based Related

G.O.E. Occupations:

- Appraisers
- Controllers
- Loan Officers
- Rate Analysts
- Securities Traders

Skills Based Related

O*NET Occupations:

- Actuaries
- Budget Analysts
- Cost Estimators
- Credit Analysts
- Economists

Noteworthy Quote:

“Accountants are strategic partners providing company managers with information that is crucial for running companies. As performance advisors, we help set prices, guide new product development, identify business opportunities, and determine profitability. We work closely with people on a daily basis, providing important information that helps companies run smoothly.”

–D’Arcy Becker, Department of Accounting and Finance, University of Wisconsin-Eau Claire

Accountants (ac`coun-tants) work with the financial records of businesses or individuals to prepare financial statements and tax returns. They compile, analyze, and interpret business information (both financial and nonfinancial), such as income statements, balance sheets, and cost studies, in order to help their clients or organizations achieve their goals. They offer a variety of services including budget analysis; financial and investment planning; information technology consulting, especially in the areas of financial and performance measurements; and limited legal services. They help facilitate business and economic development.

Work Performed

Public accountants and *certified public accountants* (CPAs) can work in government or companies, for an accounting firm, or have their own practice. These accountants furnish a broad range of services including accounting, tax preparation, or consulting activities. Their clients can include corporations, government agencies, nonprofit organizations, or individuals. Since public accountants do not work full time for their clients’ companies, they can examine these companies from an independent point of view. They are then able to give the client an unbiased, unclouded opinion of their financial statements.

Investors and creditors rely on the opinions of accountants to ensure that the accuracy and quality of financial statements remains high. Some accountants also give families advice on tax related issues. They prepare estate, gift, inheritance, and income tax statements. Accountants work with lawyers and insurance and trust experts. Together, they set up or carry out estate plans and take care of other money matters. Accountants offer advisory services on business transactions and ways to increase profits. Many study company procedures, establish budgets, and set up and keep accounting systems. Accountants can set the value



Accountants work with the financial records of businesses or individuals to prepare financial statements.
Photo by Amy Elliott

of a business, help in the purchase or sale of a business, or establish an estate or financial plan.

Some accountants specialize in forensic accounting, and investigate white-collar crimes such as securities fraud and embezzlement, bankruptcies and contract disputes, and other complex and possibly criminal financial transactions. They may, for instance, investigate money laundering schemes by organized criminals. These specialists combine their knowledge of accounting and finance with law and investigative techniques to determine whether a financial activity is illegal. They often work closely with law enforcement personnel and lawyers, and may appear as expert witnesses during legal proceedings.

Management accountants are employees of one company or organization. They help management plan and control company activities. They work as an integral part of multi-skilled management teams formulating policy and strategic plans, and setting corporate objectives. They record, analyze, and interpret the financial information executives need to make sound business decisions. They help derive performance measures and benchmarks, both financial and non-financial, for monitoring and controlling organizational performance. They perform a wide range of functions, including helping determine prices, manage cash, and obtain credit.

Government accountants are accountants who review agency records and the records of people and private firms subject to government rules and guidelines. They make sure that revenues (money) are received and payments are made in keeping with laws and regulations. Many government accountants serve as agents of the Internal Revenue Service and the Federal Bureau of Investigation. Some also work for the Central Intelligence Agency and other investigative and financial agencies and departments.

Internal auditors work for a single company, performing appraisals of the organization's internal control system, efficiency, and overall performance. They may conduct a financial audit to assess a company's economic activity and health. They conduct compliance audits to determine if the company's financial and operating controls conform with current laws and standards. Internal auditors must decide whether the company's records are accurate and whether company controls are adequate to protect against fraud or mismanagement. (More information on auditors is located in its separate brief.)

Accountants within each field often concentrate on one kind of accounting. For instance, some accountants work mainly on tax matters. They prepare individual income tax returns and advise business clients of the tax advantages and disadvantages of certain business transactions. **Tax accountants** generally try to ensure that their clients are paying as little in taxes as possible while still sticking to the tax codes. (More information on tax preparers is located in its separate brief.) Other accountants offer consulting and advisory services on matters such as employee health care benefits and compensation. Some design accounting and data processing systems or set up controls to safeguard assets.

Most accountants use computers in their work. With special software, accountants can summarize transactions in standard formats for financial analysis. Most accounting packages are easy to learn and require few special computer skills. Computers reduce the amount of manual work usually associated with recording numbers and records. Accountants can use laptop computers or personal computers with special software to access data on their company's or clients' computer systems and to extract information for further analysis.

A few accountants develop software for accounting procedures and other purposes. Some are assuming great roles in financial advising. They help clients develop personal budgets, manage assets and investments, plan for retirement, and recognize and reduce their exposure to financial risks. However, new Federal legislation does not allow accountants to provide these services to clients for whom they also prepare financial statements. (More information on financial planners is located in its separate brief.)

Working Conditions

As a rule, accountants work in offices. Accountants spend a great deal of time working with people to help analyze and interpret financial information. In order to do this, they may travel to branches of their own firm, to their clients' place of business, or to government agencies.

Hours and Earnings

Hours often depend on the accountant's specialty. Self-employed accountants take on as many clients as they can serve. Many of them work more than fifty hours a week. Accountants employed by private business or industry are more apt to work a standard forty-hour week. Tax specialists work long hours during the tax and audit seasons to meet deadlines. Investigating financial crimes can also involve long hours and irregular work schedules.

Wages vary depending on education, experience, credentials, and the size and type of employer. According to the Bureau of Labor Statistics, in May 2010, accountants earned an average of \$68,960 a year. Wages ranged from a high of more than \$106,880 a year to a low of less than \$38,940 a year. The average hourly wage was \$33.15. In the federal government, starting salary for junior accountants was \$25,000 a year. Those with superior academic records might start at \$30,000 a year; those with a master's degree or 2 years of experience usually began at \$43,000 a year. The average salary for experienced accountants was more than \$75,000 a year.

According to the Robert Half International's salary survey, accountants with up to 1 year of experience earned between \$30,000 and \$45,000 a year. Those with 1 to 3 years of experience earned between \$33,000 and \$52,000 a year. Senior accountants earned between \$45,000 and \$70,000 a year; managers between \$48,000

and \$90,000 a year; and directors between \$65,000 and \$200,000 a year.

Education and Training

Most public accounting firms, private businesses, and the federal government hire only college graduates. Students should plan to earn at least a bachelor's degree in accounting or should earn a degree in business administration with a minor in accounting. CPA's are licensed by State Boards of Accountancy. Nearly all states (forty-seven out of fifty) require candidates for the certified public accountant license to complete 150 credit hours before they take the licensing examination—an additional 30 hours beyond the usual 4-year bachelor's degree. Many schools have altered their curricula accordingly, with most programs offering master's degrees as part of the 150 hours.

High school students planning an accounting career should take courses to prepare for college. They should take mathematics, economics, public speaking, and English. Computer skills including word processing and spread sheet use should also be obtained. Students should look carefully at college programs before enrolling. Students should choose a college approved by the State Board of Accountancy in the state where they plan to work. Most approved schools are accredited by AACSB International—Association to Advance Collegiate Schools of Business.

Accountants should be proficient in several accounting computer software packages. Expertise in specialized areas such as international business, specific industries, or current legislation may be helpful. In addition, nearly all states now require continuing professional education of accountants to renew their license. Most CPA societies have also adopted this requirement. Many colleges, professional groups, and state societies offer programs for accountants to update their professional education and training.

Certification and Professional Societies

In many states, certified public accountants (CPAs) are the only accountants who are licensed and regulated. CPAs must have a certificate and a license from their State Board of Accountancy. They must pass the four-part Uniform CPA Examination of the American Institute of Certified Public Accountants (AICPA). In most states, candidates must be college graduates, and they usually must have at least two years of work in public accounting before they may become licensed. If they have a master's degree, one year of work may be acceptable. Students planning on a career in accounting should check with the State Board of Accountancy for the state where they plan to work to obtain specific licensing information.

Professional societies also grant voluntary credentials to qualified candidates who meet specified education and experience requirements and pass an examination. AICPA offers qualifying candidates three additional certificates:

Accredited in Business Valuation (ABV); Certified Information Technology Professional (CITP); and Personal Financial Specialist (PFS). The Institute of Management Accountants confers the Certified Management Accountant (CMA) designation. The Accreditation Council for Accountancy and Taxation—a satellite organization of the National Society of Public Accountants—offers five designations: Accredited Business Accountant/Advisor (ABA); Accredited Tax Advisor (ATA); Accredited Tax Preparer (ATP); Elder Care Specialists (ECS); and International Accredited Business Accountant.

Qualified government accountants may obtain the Certified Government Financial Manager (CGFM) designation from the Association of Government Accountants. The Institute of Internal Auditors offers the Certified Internal Auditor (CIA) designation. Those interested in fraud and white collar crime analysis may obtain the title Certified Fraud Examiner (CFE) from the Institute of Certified Fraud Examiners. All-in-all, there are roughly 44 certifications available for accountants and auditors. Often, an accountant will hold multiple licenses and designations.

Personal Qualifications

Accountants must have an aptitude for mathematics and be able to analyze, compare, and interpret data. Problem-solving skills and the ability to make sound judgments are important. Accountants should be able to concentrate for extended periods. Excellent communication and interpersonal skills are necessary to clearly convey information to clients and co-workers. Accountants should also be ethical, and have high standards of accuracy.

Occupations can be adapted for workers with disabilities. Persons should contact their school or employment counselors, their state office of vocational rehabilitation, or their state department of labor to fully explore their individual needs and requirements as well as the requirements of the occupation.

Where Employed

According to the Bureau of Labor Statistics, there were more than 1 million people working in the fields of accounting and auditing in 2010. Although many are CPAs, a far greater number are management accountants, internal auditors, or government accountants and auditors. They work throughout private industry and government, as well as accounting, tax preparation, bookkeeping, and payroll services firms. Roughly 1 in 10 are self-employed. Some also work as college and university faculty.

Employment Outlook

The outlook for the profession is good. The Bureau of Labor Statistics projects employment of accountants and auditors to grow by 22 percent through the year 2018—an increase of around 220,000 jobs. Additional positions are also expected to open due to replacement needs. As the number of businesses increase, international business expands, financial laws and regulations change,

and scrutiny of company finances grows, more accountants and auditors will be needed.

Accountants will be needed to set up and maintain books, and prepare taxes and financial reports. They will be needed to develop more sophisticated accounting systems and software. They will also be in demand to provide financial consulting and management advisory services. Job candidates with a master's degree in accounting or business administration with a concentration in accounting, and/or who have earned professional certifications or licensure will have an edge.

Entry Methods

College graduates can get help from the college career services office. Professors in college accounting departments may have information about employers. Recruiters from accounting firms and government agencies often come to college campuses to interview students. Applicants can apply directly to private accounting firms or to local, county, state, or federal government civil service offices. Membership in one of the various professional accounting organizations offers great networking opportunities. Many such groups also offer job and resume posting services.

Advancement

The opportunities for promotion are good. Many firms promote their staff rather than hiring outsiders. Qualified candidates who meet the education and experience requirements set by their employers often obtain junior accounting positions. With demonstrated skill and ability, they typically advance quickly to positions with more responsibility. Overall, the accounting profession allows for a great deal of mobility.

Beginning public accountants usually start by assisting with work for several clients. Within a few years they may advance to senior positions. The most capable become supervisors, managers, or partners and may go on to open their own firm. Some transfer to executive positions in management accounting or internal auditing in private firms.

Management accountants often start as cost accountants, junior internal auditors, or financial analysts. As they advance, they may become accounting managers, chief cost accountants, budget directors, or managers of internal auditing. Some become controllers, treasurers, chief financial officers, or chief executive officers.

For Further Research

Association to Advanced Collegiate Schools of Business, 777 South Harbour Island Boulevard, Suite 750, Tampa, FL 33602-5730. Web site: www.aacsb.edu

Accreditation Council for Accountancy and Taxation, 1010 North Fairfax Street, Alexandria, VA 22314-1574. Web site: www.acatcredentials.org

American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Web site: www.aicpa.org

Association of Government Accountants, 2208 Mount Vernon Avenue, Alexandria, VA 22301-1314. Web site: www.agacgfm.org

Institute of Management Accountants, 10 Paragon Drive, Montvale, NJ 07645-1718. Web site: www.imanet.org

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