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## Accountants and Auditors

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### Significant Points

- Most jobs require at least a bachelor's degree in accounting or a related field.
- Opportunities will be best for jobseekers who have a master's degree, obtain certification or licensure or who are proficient in the use of accounting and auditing computer software.
- Faster-than-average growth of accountant and auditor jobs will result from an increase in the number of businesses, changing financial laws and regulations, and greater scrutiny of company finances.

### 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 analyze and communicate financial information for various entities such as companies, individual clients, and government. Beyond carrying out the fundamental tasks of the occupation—preparing, analyzing, and verifying financial documents in order to provide information to clients—many accountants also offer 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 and auditing: *public, management, government accounting, and internal auditing.*

*Public accountants* perform a broad range of accounting, auditing, tax, and consulting activities for their clients, which may be corporations, governments, nonprofit organizations, or individuals. For example, some public accountants concentrate on tax matters, such as advising companies about 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 health care benefits, the design of accounting and data-processing systems, and the selection of controls to safeguard assets. Still others audit clients' financial statements and inform investors and authorities that the statements have been correctly prepared and reported. These accountants are also referred to as *external auditors*. 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, including money laundering by organized criminals. Forensic accountants combine their knowledge of accounting and finance with law and investigative techniques to determine whether an activity is illegal. Many forensic accountants work closely with law enforcement personnel and lawyers during investigations and often appear as expert witnesses during trials.

In response to 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 financial statements, that same firm cannot provide advice on human resources, technology, investment banking, or legal matters, although accountants may still advise on tax issues. Accountants may also advise other clients in these areas and 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. Among their other responsibilities are budgeting, performance evaluation, cost management, and asset management. Usually, management accountants are part of executive teams involved in strategic planning or the development of new products. They analyze and interpret the financial information that corporate executives need in order to make sound business decisions. They also prepare financial reports for other groups, including stockholders, creditors, regulatory agencies, and tax authorities. Within accounting departments, management accountants 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 ensure that revenues are received and expenditures are made in accordance with laws and regulations. Those employed by the Federal Government may work as Internal Revenue Service agents or in financial management, financial institution examination, or budget analysis and administration.

*Internal auditors* verify the effectiveness of their organization's internal controls and check for mismanagement, waste, or fraud. They examine and evaluate their firms' financial and information systems, management procedures, and internal controls to ensure that records are accurate and controls are adequate. They also review company operations, evaluating their efficiency, effectiveness, and compliance with corporate policies and government regulations. Because computer systems commonly automate transactions and make information readily available, internal auditors may also help management evaluate the effectiveness of their controls based on real-time data, rather than personal observation. They may recommend and review controls for their organization's computer systems, to ensure their reliability and integrity of the data.

Internal auditors may also have specialty titles, such as information technology auditors, environmental auditors, and compliance auditors.

Technology is rapidly changing the nature of the work of most accountants and auditors. With the aid of special software packages, accountants summarize transactions in the standard formats of financial records and organize data in special formats employed in financial analysis. These accounting packages greatly reduce the tedious 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,



*Many accountants produce extensive financial reports for a company's recordkeeping.*

controlling, and auditing computer systems and networks and developing a business's technology plans.

Accountants also act as personal advisors. 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 their exposure to risks. This role is in response to clients' 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*.)

**Work environment.** Most accountants and auditors work in a typical office setting. Some may be able to do part of their work at home. Accountants and auditors employed by public accounting firms, government agencies, and organizations with multiple locations may travel frequently to perform audits at branches, clients' places of business, or government facilities.

Most accountants and auditors usually 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.

### **Training, Other Qualifications, and Advancement**

Most accountants and auditors need at least a bachelor's degree in business, accounting, or a related field. Many accountants and auditors choose to obtain certification to help advance their careers, such as becoming a Certified Public Accountant (CPA).

**Education and training.** 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. Some universities and colleges are now offering programs to prepare students to work in growing specialty professions such as internal auditing. Many professional associations offer continuing professional education courses, conferences, and seminars.

Some graduates of junior colleges or business or 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 accountant positions by demonstrating their accounting skills on the job.

Most beginning accountants and auditors may work under supervision or closely with an experienced accountant or auditor before gaining more independence and responsibility.

**Licensure and certification.** Any accountant filing a report with the Securities and Exchange Commission (SEC) is required by law to be a Certified Public Accountant (CPA). This may include senior level accountants working for or on behalf of public companies that are registered with the SEC. CPAs are licensed by their State Board of Accountancy. Any accountant who passes a national exam and meets the other requirements of the State where they practice can become a CPA. The vast majority of States require CPA candidates to be college graduates, but a few States will substitute a number of years of public accounting experience for a college degree.

As of 2007, 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. Several other States have adopted similar legislation that will become effective before 2009. Colorado, Delaware, New Hampshire, and Vermont are the only States that do not have any immediate plans to require the 150 semester hours. In response to this trend, many schools have altered their curricula accordingly, with most programs offering master's degrees as part of the 150 hours. 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 American Institute of Certified Public Accountants (AICPA). The CPA examination is rigorous, and less than one-half of those who take it each year pass every part they attempt on the first try. Candidates are not required to pass all four parts at once, but most States require candidates to pass all four sections within 18 months of passing their first section. The CPA exam is now computerized and is offered 2 months out of every quarter at various testing centers throughout the United States. Most States also require applicants for a CPA certificate to have some accounting experience; however requirements vary by State or jurisdiction.

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.

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

People planning a career in accounting and auditing should have an aptitude for mathematics and be able to analyze, com-

pare, and interpret facts and figures quickly. They must be able to clearly communicate the results of their work to clients and managers both verbally and in writing. Accountants and auditors must be good at working with people, business systems, and computers. At a minimum, accountants and auditors should be familiar with basic accounting and computer software packages. Because financial decisions are made on the basis of their statements and services, accountants and auditors should have high standards of integrity.

**Certification and advancement.** Professional recognition through certification, or a designation other than the CPA, provides a distinct advantage in the job market. Certification can attest to professional competence in a specialized field of accounting and auditing. Accountants and auditors can seek credentials from a wide variety of professional societies.

The Institute of Management Accountants confers the Certified Management Accountant (CMA) designation upon applicants who complete a bachelor's degree or who attain a minimum score or higher on specified graduate school entrance exams. Applicants must have worked at least 2 years in management accounting, pass a four-part examination, agree to meet continuing education requirements, and comply with standards of professional conduct. The exam covers areas such as financial statement analysis, working-capital policy, capital structure, valuation issues, and risk management.

The Institute of Internal Auditors offers the Certified Internal Auditor (CIA) designation to graduates from accredited colleges and universities who have worked for 2 years as internal auditors and have passed a four-part examination. The IIA also offers the designations of Certified in Control Self-Assessment (CCSA), Certified Government Auditing Professional (CGAP), and Certified Financial Services Auditor (CFSA) to those who pass the exams and meet educational and experience requirements.

The ISACA, formerly known as 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 auditing information systems. Information systems experience, financial or operational auditing experience, or related college credit hours can be substituted for up to 2 years information systems auditing, control or security experience.

The Accreditation Council for Accountancy and Taxation, a satellite organization of the National Society of Accountants, confers four designations: Accredited Business Accountant (ABA), Accredited Tax Advisor (ATA), Accredited Tax Preparer (ATP), and Elder Care Specialist (ECS)—on accountants specializing in tax preparation for small and medium-sized businesses. Candidates for the ABA must pass an exam; candidates for the other designations must complete the required coursework and in some cases pass an exam.

The Association of Certified Fraud Examiners offers the Certified Fraud Examiner (CFE) designation for forensic or public accountants involved in fraud prevention, detection, deterrence, and investigation. To obtain the designation, individuals must have a bachelor's degree, 2 years of relevant experience, pass a four-part examination, and abide by a code of professional ethics. Related work experience may be substituted for the educational requirement.

The Association of Government Accountants grants the Certified Government Financial Manager (CGFM) designation for

accountants, auditors, and other government financial workers at the Federal, State, and local levels. Candidates must have a minimum of a bachelor's degree, 24 hours of study in financial management, 2 years of experience in government, and passing scores on a series of three exams. The exams cover topics in governmental environment; governmental accounting, financial reporting, and budgeting; and financial management and control.

For those accountants with their CPA, the AICPA offers the option to receive any or all of the Accredited in Business Valuation (ABV), Certified Information Technology Professional (CITP), or Personal Financial Specialist (PFS) designations. CPA's with these designations demonstrate a level of expertise in these areas in which accountants practice ever more frequently. The business valuation designation requires a written exam and the completion of a minimum of 10 business valuation projects that demonstrate a candidate's experience and competence. The technology designation requires the achievement of a set number of points awarded for business technology experience and education. Candidates for the personal financial specialist designation also must achieve a certain level of points based on experience and education, pass a written exam, and submit references.

Many senior corporation executives have a background in accounting, internal auditing, or finance. Beginning public accountants often 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.

Public accountants, management accountants, and internal auditors usually have much occupational mobility. Practitioners often shift into management accounting or internal auditing from public accounting, or between internal auditing and management accounting. It is less common for accountants and auditors to move from either management accounting or internal auditing into public accounting. Additionally, because they learn about and review the internal controls of various business units within a company, internal auditors often gain the experience needed to become upper-level managers.

## Employment

Accountants and auditors held about 1.3 million jobs in 2006. They worked throughout private industry and government, but 21 percent of wage and salary accountants worked for accounting, tax preparation, bookkeeping, and payroll services firms. Approximately 10 percent of accountants or auditors was self-employed.

Many management accountants, internal auditors, or government accountants and auditors are not CPAs; however, a large number are licensed CPAs. 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 as accountants for private industry or government. (See teachers—postsecondary elsewhere in the *Handbook*.)

### Job Outlook

Strong growth of accountants and auditor jobs over the 2006-16 decade is expected to result from stricter accounting and auditing regulations, along with an expanding economy. The best job prospects will be for accountants and auditors who have a college degree or any certification, but especially a CPA.

**Employment change.** Employment of accountants and auditors is expected to grow by 18 percent between 2006 and 2016, which is faster than the average for all occupations. This occupation will have a very large number of new jobs arise, almost 226,000 over the projections decade. An increase in the number of businesses, changing financial laws, and corporate governance regulations, and increased accountability for protecting an organization's stakeholders will drive growth.

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 reviewed by accountants and auditors regarding costs, expenditures, taxes, and internal controls will expand as well. The globalization of business also has led to more demand for accounting expertise and services related to international trade and accounting rules and international mergers and acquisitions.

An increased need for accountants and auditors also will arise from changes in legislation related to taxes, financial reporting standards, business investments, mergers, and other financial events. As a result of accounting scandals at several large corporations, Congress passed the Sarbanes-Oxley Act of 2002 in an effort to curb corporate accounting fraud. This legislation requires public companies to maintain well-functioning internal controls to ensure the accuracy and reliability of their financial reporting. It also holds the company's chief executive personally responsible for falsely reporting financial information.

These changes are expected to lead to increased scrutiny of company finances and accounting procedures and should create opportunities for accountants and auditors, particularly CPAs, to audit financial records more thoroughly. Management accountants and internal auditors increasingly will also be needed to discover and eliminate fraud before audits, and ensure that important processes and procedures are documented accurately and thoroughly. Also, efforts to make government agencies more efficient and accountable will increase demand for government accountants.

Increased focus on and numbers of financial crimes such as embezzlement, bribery, and securities fraud will increase the demand for forensic accountants to detect illegal financial activity by individuals, companies, and organized crime rings. Com-

puter technology has made these crimes easier to commit, and they are on the rise. At the same time, the development of new computer software and electronic surveillance technology has made tracking down financial criminals easier, thus increasing the ease, and likelihood of, discovery. As success rates of investigations grow, demand for forensic accountants will increase.

The changing role of accountants and auditors also will spur job growth, although this will be slower than in the past because of changes in the law. Federal legislation now prohibits accountants from providing many types of management and consulting services to clients whose books they audit. However, accountants will still be able to advise clients that are not publicly traded companies and those they do not audit.

Also, the increasing popularity of tax preparation firms and computer software will shift accountants away from tax preparation. As computer programs continue to simplify some accounting-related tasks, clerical staff will increasingly handle many routine calculations.

**Job prospects.** Overall, job opportunities for accountants and auditors should be favorable. Those who earn a CPA should have excellent job prospects. After most States instituted the 150-hour rule for CPAs, enrollment in accounting programs declined. However, enrollment is again growing as more students have become attracted to the profession by the attention from the accounting scandals.

In the aftermath of the accounting scandals, professional certification is even more important to ensure that accountants' credentials and knowledge of ethics are sound. 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.

Individuals who are proficient in accounting and auditing computer software or have expertise in specialized areas—such as international business, specific industries, or current legislation—may have an advantage in getting some accounting and auditing jobs. In addition, employers increasingly seek applicants with strong interpersonal and communication skills. Many accountants work on teams with others who have different backgrounds, so they must be able to communicate accounting and financial information clearly and concisely. Regardless of qualifications, however, competition will remain keen for the most prestigious jobs in major accounting and business firms.

In addition to openings from job growth, the need to replace accountants and auditors who retire or transfer to other occupations will produce numerous job openings in this large occupation.

### Earnings

Median annual earnings of wage and salary accountants and auditors were \$54,630 in May 2006. The middle half of the

### Projections data from the National Employment Matrix

Occupational Title	SOC Code	Employment, 2006	Projected employment, 2016	Change, 2006-16	
				Number	Percent
Accountants and auditors.....	13-2011	1,274,000	1,500,000	226,000	18

NOTE: Data in this table are rounded. See the discussion of the employment projections table in the *Handbook* introductory chapter on *Occupational Information Included in the Handbook*.

occupation earned between \$42,520 and \$71,960. The top 10 percent earned more than \$94,050, and the bottom 10 percent earned less than \$34,470. Median annual earnings in the industries employing the largest numbers of accountants and auditors were as follows:

Accounting, tax preparation, bookkeeping, and payroll services.....	\$57,020
Management of companies and enterprises .....	55,560
Local government .....	50,120
Depository credit intermediation .....	49,380
State government.....	47,200

According to a salary survey conducted by the National Association of Colleges and Employers, bachelor's degree candidates in accounting received starting offers averaging \$46,718 a year in 2006; master's degree candidates in accounting were offered \$49,277 initially.

According to a 2007 salary survey conducted by Robert Half International, a staffing services firm specializing in accounting and finance, general accountants and internal auditors with up to 1 year of experience earned between \$31,500 and \$48,250 a year. Those with 1 to 3 years of experience earned between \$36,000 and \$60,000. Senior accountants and auditors earned between \$43,250 and \$79,250, managers between \$51,250 and \$101,500, and directors of accounting and internal auditing between \$68,000 and \$208,000. 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 \$28,862 in 2007. Candidates who had a superior academic record might start at \$35,752, while applicants with a master's degree or 2 years of professional experience usually began at \$43,731. Beginning salaries were slightly higher in selected geographic areas where the prevailing local pay level was higher. Accountants employed by the Federal Government in nonsupervisory, supervisory, and managerial positions averaged \$78,665 a year in 2007; auditors averaged \$83,322.

Wage and salary accountants and auditors usually receive standard benefits, including health and medical insurance, life insurance, a 401(k) plan, and paid annual leave. High-level senior accountants may receive additional benefits, such as the use of a company car and an expense account.

### 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, some 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, 777 South Harbour Island Blvd., Suite 750, Tampa FL 33602-5730. 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>

- The Uniform CPA Examination, 1211 Avenue of the Americas, New York, NY 10036. Internet: <http://www.cpa-exam.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 07645-1718. Internet: <http://www.imanet.org>

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

- Accreditation Council for Accountancy and Taxation, 1010 North Fairfax St., Alexandria, VA 22314.-1574.

Internet: <http://www.acatcredentials.org>

Information on the Certified Fraud Examiner designation may be obtained from:

- Association of Certified Fraud Examiners, 716 West Ave, Austin, TX 78701-2727.

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:

- ISACA, 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 positions as an accountant or auditor with the Federal Government is available from the Office of Personnel Management through USAJOBS, the Federal Government's official employment information system. This resource for locating and applying for job opportunities can be accessed through the Internet at <http://www.usajobs.opm.gov> or through an interactive voice response telephone system at (703) 724-1850 or TDD (978) 461-8404. These numbers are not toll free, and charges may result. For advice on how to find and apply for Federal jobs, see the *Occupational Outlook Quarterly* article "How to get a job in the Federal Government," online at: <http://www.bls.gov/opub/ooq/2004/summer/art01.pdf>