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ACCOUNTING CAREERS

Fall 1991

Supply and demand report emulates stagnant economic climate

As indicative of the state of economy, the number of students earning accounting degrees in 1989–90 and the number of graduates hired by CPA firms in 1990 were down from the previous year, according to the recently released AICPA report, *The Supply of Accounting Graduates and the Demand for Public Accounting Recruits — 1991*.

The report, which is in its 21st edition, is the result of surveys sent to universities and CPA firms last fall in which they were asked to report on the number of accounting graduates for the previous academic year and the number of recruits hired last year, respectively. The report includes, among other items, breakdowns by gender, ethnic group, firm size, and area of assignment.

Overall, nearly 5,000 firms responded to the survey. On the supply side, 425 schools responded to the survey.

Following are some of the key highlights from the report:

- CPA firm respondents reported hiring nearly 22,000 bachelor's in accounting recipients and 2,500 master's recipients.
- In a breakdown by firm size, there was about a 13 percent decline in the number of graduates with either a bachelor's or master's degree in accounting hired by the largest firm-size group (more than 200 AICPA members) vs. 1989. It should be noted that only 14 of the largest firms responded vs. 17 the previous year.
- Firms in the 50- to 200-member range, however, reported a 27 percent increase in the number of hires with bachelor's degrees in accounting.
- Nearly 70 percent of all graduates hired were assigned to accounting/auditing.

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"Investigating" a career path? Forensic accountants in demand

Accounting graduates with an eye to the future may want to consider one of the more non-traditional but rapidly growing areas of expertise within CPA firms — litigation support services, better known as forensic (or investigative) accounting.

Forensic accounting has emerged as one of the hottest fields in accounting, surprisingly enough, due to many of the *negative* activities affecting the profession in recent years, such as the savings and loan crisis. More and more firms are looking for individuals skilled in detecting white-collar crime or who have the experience in working with companies that have declared bankruptcy, according to Terry Storevik, national placement director for litigation support services at Robert Half International, Inc., in San Diego. Robert Half is the largest management recruiter of accountants, financial personnel, and information specialists in the country.

"Investigative accountants are being called in to advise companies on whether to declare bankruptcy or take the necessary steps to remain solvent," explains Max Messmer, chairman and CEO of Robert Half. "Job candidates who may have had the 'misfortune' to work for several now bankrupt companies are finding their experience to be highly prized."

Messmer notes that 10 years ago, the task of selling off the assets of a bankrupt firm was handled almost exclusively by attorneys. "But the increased number of business failures and the complexity surrounding them has created today's high demand for forensic specialists."

Storevik says the demand for forensic accountants has increased by 100 percent in each of the last three years. Many of the

larger CPA firms have in place a department dealing specifically with "business investigation services." Among the Big 6, Price Waterhouse, Coopers & Lybrand, and Arthur Andersen have taken the lead in the area of litigation support services, Storevik says. At the next level, BDO Seidman and Grant Thornton are prominent, he adds.

In addition, a number of regional and local firms have branched out into the area of litigation support services. One such firm, Freeman & Mills, with offices in Los Angeles and San Francisco, specializes in the investigative aspects of accounting, finance, and economics for the Fortune 500 market primarily.

Neill Freeman, managing partner of Freeman & Mills, says the firm has handled cases ranging from the S&L crisis to the investigation of the Los Angeles Police Department in the wake of the highly publicized videotaped "beating" of Rodney King.

Regarding the latter, Freeman says his firm did the numerical analysis on which the Report of the Independent Commission on the Los Angeles Police Department was based. This included analyzing the demographic data related to officer and suspect composition, as well as analysis of police radio transmissions, he explains.

Getting started in the field

The ideal path to becoming a forensic accountant starts with the traditional route of passing the CPA exam and getting experience with a firm, according to Storevik. "While with the firm, make it known that forensic accounting is an area you're interested in." He suggests taking CPE courses on subjects like insurance

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FOCUS ON:

Kay Williams, Internal Control Specialist

Kay Williams, CPA, is the internal control specialist for Pepsi Food Systems (PFS) in Dallas, Texas. Prior to joining PFS, she spent five years with Arthur Andersen — two years as a staff accountant in the Audit Department and three years as a senior in the Management Consulting Group. Williams has been involved in establishing community service programs while at PFS and Arthur Andersen. She graduated from Texas Tech University in Lubbock with a bachelor's degree in business administration. Williams was interviewed by Macey Conradt, a member of the AICPA Accounting Careers Subcommittee.

CONRADT: *What does your position as internal control specialist for Pepsi Food Systems entail?*

WILLIAMS: My position is project-oriented. About 80 percent of my time is spent on special projects in which I work directly with other departments within PFS to evaluate operational efficiency, identify internal control weaknesses, and establish policies and procedures to strengthen internal controls within Pepsi Food Systems.

CONRADT: *What about the remaining 20 percent of your time?*

WILLIAMS: Part of it is spent serving as a liaison to Pepsico's (the parent company) Corporate Audit Group. Any time the group performs an audit on a PFS department or distribution center, I work with them to make sure the report accurately reflects the audit findings. I then follow-up with the respective departments to make sure they do whatever is recommended to correct control weaknesses identified. I'm also in charge of maintaining the procedures manuals for the accounting group and distribution centers. I don't actually write the procedures, but I'm the channel to ensure that the procedures are updated each year.

CONRADT: *Could you give me an example of a special project you worked on during the year?*

WILLIAMS: I have been working on inventory control, which involves a number of components at our distribution centers. On one project, I reviewed the physical inventory process and helped develop a new system to take physical inventory. This involved working with the Management Information Systems Group to develop some system enhancements—basically, to get a new program written. I then helped the employees in the distribution centers to put some new procedures in place to improve control over their physical inventory process.

CONRADT: *Is your position still considered part of the accounting department even though your focus is more operations-oriented?*

WILLIAMS: Yes, I am part of the PFS Corporate Accounting Group. I report to the corporate accounting director who reports

to the controller. My position is a very specialized function and I don't have people report to me. It's a "one-woman" shop.

CONRADT: *What would you say has been your biggest challenge at PFS?*

WILLIAMS: Coordinating all of the people I work with. It's a challenge when you have no staff working directly for you, but everyone in the company working *with* you. On my projects I have to get input from lots of different people at different locations and translate that into results.

CONRADT: *Tell me about your career path. How did you get from college to where you are today?*

WILLIAMS: After I graduated from Texas Tech, I went to work in the Audit Department at Arthur Andersen in Dallas. I was in the department for about two years. About that time, AA was forming a new group in management consulting—not systems, but business and operational consulting. I had done a project for this group during the summer and had enjoyed it. I found I had a real knack for identifying ways for people to increase productivity.

CONRADT: *Did this special project lead to anything?*

WILLIAMS: Yes, I became the first full-time senior in the group and worked there for about three years doing white-collar productivity studies and productivity and efficiency operational consulting reviews for clients in a variety of industries. When I left Arthur Andersen, the internal control specialist was a perfect fit based on my prior experience. I've been at PFS about a year now.

CONRADT: *I've got to know. What exactly is a white-collar productivity study?*

WILLIAMS: It's going in and looking at how people do their jobs, examining the work flow and the paper flow within an office. My job involved looking at the organizational structure of the company, as well as individual job functions. I spent time with people, finding out what they did, and identifying ways to simplify tasks and reduce overhead. I focused more on office studies versus manufacturing studies.

CONRADT: *What skills — other than “numbers sense”— has it taken to be successful both at Arther Andersen and Pepsi Food?*

WILLIAMS: A lot of people have the perception that accounting is boring — you know, debits and credits all day—but as you can see, that aspect comprises very little of my day, especially now. I have found that being able to recognize and solve problems — to have good analytical skills — has been important. I really developed these skills during my time in public accounting. Communication skills are also critical. So much of my job now involves communicating my results, whether it’s a formal presentation to the vice president of finance or a memo to a distribution center manager.



CONRADT: *How are CPAs viewed at Pepsi Food?*

WILLIAMS: CPAs are highly respected at PFS. We hire a number of CPAs from public accounting and from other backgrounds as well. CPAs work all over the company, from financial accounting to business planning to system support. They are definitely an integral part of the company and are involved in the decision-

making process here. PFS is also very supportive of what it takes to obtain and maintain your license.

CONRADT: *Many people think young CPAs are always working lots of overtime and don’t have time to be involved in the community. Tell me what you’ve done to get involved?*

WILLIAMS: At Arthur Andersen, I was on the Senior Advisory Council, which was designed to meet the needs of the audit and management consulting staff. One of the needs that seemed really prevalent was a desire to get more involved in the community. As a result, I helped start a committee called the Community Care Team Council, which spearheaded all community projects manned by Arthur Andersen volunteers. We would do about five major projects a year centered around volunteer work versus fundraising. We painted houses for elderly people, sponsored Christmas parties for underprivileged children, held food drives for the North Texas food bank, and collected school supplies for needy kids.

CONRADT: *Are you still involved in community activities at PFS?*

WILLIAMS: Yes, in fact, I am the corporate vice president of the executive board of the Impact Group, which is an incorporated, not-for-profit organization to coordinate all of the community service projects sponsored by PFS. We sponsor one major volunteer project quarterly, and also provide educational seminars for the employees to inform them of individual volunteer opportunities.

CONRADT: *How have the employees responded?*

WILLIAMS: The response has been overwhelming. At a recent house painting, we had more than 60 volunteers — which is about one-half of our Dallas office — show up to paint a house. The owner was disabled and had been unable to maintain it. We did a major overhaul of the house in about four hours, and the neighboring homeowners were thrilled. I’d like to add that upper management has been equally supportive. The president was there painting with the rest of us! Management has also been good in allowing us to coordinate the projects during work time.

AICPA brochures, video on accounting available

The AICPA has several recruitment materials available of interest to educators and college students. They include the following:

- **Take the CPA Challenge.** This 12-page brochure presents the many different career paths that accounting offers and outlines the educational requirements necessary to becoming a CPA. The brochure is available free of charge by contacting the AICPA Academic and Career Development Division, 1211 Avenue of the Americas, New York, NY 10036-8775. For more than one copy, contact the AICPA Order Department, P.O. Box 1003, New York, NY 10108-1003; (800) 248-0445 in New York or (800) 334-6961 elsewhere in the U.S.

When ordering, please request Product #870123.

- **Information for CPA Candidates.** This 55-page booklet is designed to help candidates pass the CPA exam. It includes information on the content and format of the exam. A single copy of the booklet can be obtained free of charge by contacting the Academic and Career Development Division at the aforementioned address. Additional copies are \$1 each and can be obtained from the Order Department. When ordering, please request Product #874070.
- **Your Accounting Career: Have You Thought About Personal Financial Planning?** This brochure describes the process of becoming a financial

planner and offers details on what CPAs do as financial planners. Gratis copies are available by calling the Personal Financial Planning Division at (800) 966-PFP9.

- **“A License to Succeed.”** This 13-minute video, designed for college students, captures the opportunities and challenges facing four young CPAs in their various career paths. The video can be borrowed from Modern Talking Picture Service, Inc., 5000 Park Street North, St. Petersburg, FL 33709; (800) 243-6877. The video is also available for \$35 through the AICPA Order Department. When ordering, please request Product #882355 for ½" VHS and Product #882357 for ¼" U-Matic. (Note: Students receive a 30% discount on orders.)

Forensic accounting offers significant diversity

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fraud, interview skills for auditors, and fraud and governmental auditing standards. In addition, he recommends that individuals pursue the Certified Fraud Examiner (CFE) designation, awarded by the National Association of Certified Fraud Examiners in Austin.

Another path is to join a government agency like the Internal Revenue Service or the FBI. Forensic accountants at the international level are also in great demand, so individuals may want to consider firms with offices overseas.

When selecting a firm, George Miller, Freeman & Mills' partner for campus recruiting, recommends that individuals contact those firms that have had success in the forensic accounting area. "A lot of people are saying they specialize in this area when they don't," he explains. Another key consideration is for individuals to choose a firm that will enable them to become certified.

The model forensic accountant should have a good background in statistics, economics, and problem-solving courses, as well as experience with cost accounting, Miller explains. "Bookkeeper types probably wouldn't enjoy this," he says.

Storevik notes that most firms want individuals with more than three years experience. The ideal candidate should also be familiar with the local attorneys and law firms working in a particular area of expertise, he adds. Salaries for experienced forensic accountants range from \$50,000 to \$200,000.

Mike Ueltzen, managing director of John Waddell & Company in Sacramento, warns that forensic accounting is a specialty that a recent graduate may want to consider as a long-term goal. "A lot of people are com-

ing into this profession without the proper experience or qualifications," he explains. He recommends that individuals accumulate expertise in a given area or industry; for example, electronics or banking. This expertise will go a long way in earning respect from the court system, he adds.

Diversified opportunities in forensic accounting

As previously mentioned, litigation support services cover a wide range of specialties. CPA malpractice suits, for example, have been increasing, thereby creating a market niche of smaller firms getting involved in litigation against those firms being sued by their clients.

Another segment of forensic accounting that has experienced significant growth is fraud examination. In fact, the National Association of Certified Fraud Examiners was launched in 1988 to meet the demand for individuals with this skill. Membership in the organization entails passing a two-day, four-part exam that covers investigation, criminology, accounting and auditing, and the legal elements of fraud. At present, about 5,000 individuals have been awarded the CFE designation.

Joe Wells, chairman of the association, says the CFE "fills a gap" between auditing and litigation. "Fraud issues are typically out of the realm of the average CPA."

Other segments falling under the "forensic accounting umbrella" include mergers and acquisitions, antitrust litigation, and the setting of loss damages in insurance and construction claims.

Despite the boom in forensic accounting, however, Freeman notes that the field is not all glamour. "A lot of the job involves plowing through documents," he adds.

Decline reported in number of graduates, hires

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Another 18 percent were placed in the taxation area, and 12 percent were assigned to management advisory services.

- The proportion of female graduates hired by firms was considerably greater than the previous year (59 percent vs. 48 percent). The increase is attributed to the inclusion of firms with one AICPA member in the survey. These firms, which account for a large share of the recruits, tend to hire a greater proportion of females, thereby affecting the overall numbers. Projections for 1991 call for a 57 percent to 43 percent female-to-male ratio.
- Minority accounting graduates comprised nine percent of the new hires in 1990. The breakdown was five percent Asian, two percent Black, and two percent Hispanic.
- Overall, the number of graduates earning either a bachelor's or master's degree in accounting during the 1989-90 academic year decreased slightly from the previous academic year.
- The number of accounting graduates based on gender was split evenly during 1989-90, although respondents projected that 53 percent of the graduates in 1990-91 would be female.
- The number of students who sat for the Uniform CPA Examination in 1990 increased slightly from the previous year. Less students, however, passed all parts of the exam that they attempted.

For a copy of the report, contact the AICPA Academic and Career Development Division, 1211 Avenue of the Americas, New York, NY 10036-8775.