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has gone through many changes throughout the ages. But through all the changes accounting technology has always played a part in making the accountant's job just a little easier. As our knowledge of technology increased so has the accountant's ability to analyze statistical values. Technology advancements have enhanced the accountant's ability to interpret data efficiently and effectively. He/she now has the ability to interpret the language of business with such ease that the accountant has become a corporation's most trusted business advisor.

Agnes Ann Pepe • Apr. 19, 2011

Introduction

Every accountant knows that accounting is the language of business. That language has gone through many changes throughout the ages. But through all the changes accounting technology has always played a part in making the accountant's job just a little easier. As our knowledge of technology increased so has the accountant's ability to analyze statistical values. Technology advancements have enhanced the accountant's ability to interpret data efficiently and effectively. He/she now has the ability to interpret the language of business with such ease that the accountant has become a corporation's most trusted business advisor.

[**Editor's Note:** This article is from 2011 yet still receives many visitors. For more up-to-date articles on issues facing the accounting profession, please visit the [Firm Management section of our website.](#)]

Accounting Changes through the Ages

We can start way back in the beginning with the invention of the abacus, used to keep track of calculations in business. Although we didn't call it technology, we can go back centuries with several attempts to build adding machines to help an accountant with mathematical solutions. After the first working adding machine, came the invention of the calculator for information accuracy. As technology

advanced so did the speed and proficiency of the accountant's job. But even with

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electronic spreadsheet. The need for adding machines, calculators, ledgers and pencils was eliminated. The job became less tedious with less of a margin for error. The core training for accountants which included the basic accounting, auditing and tax preparation was a thing of the past. With use of the computer an accountant can now perform statistical accounting or forecasting analysis with greater efficiency. Accounting technology has eliminated the number cruncher sitting behind a desk working on people's taxes and has allowed the accountant to find new challenges with much more to offer than decades ago when they relied on an abacus for a calculating tool (Kruglinski, 2009; "How Technology," n.d.).

E-Business, the Intranet and the Extranet

Today's accounting professionals who understand the importance of the Internet will use the Internet for e-business. They use the Internet to execute major business processes in the enterprise. Electronic business (e-business) allows the accounting firm to coordinate activities for internal management and combines the clients' relationships with the use of digital networks. Enterprise applications can be used on a small internal network called the Intranet. The Intranet can distribute information to employees such as corporate policies, and programs. It centers on a portal which is a single point of access. Information can come from several different systems using a Web interface. They can feature such things as e-mail, internal documents such as the Code of Ethics, and a search tool. It is a good means of communication within an organization. Accounting professionals can also communicate outside the organization with Web technology using the creation of an Extranet. This allows the clients to have limited access, linking to a portion of the accounting firm's Intranet to import and export files back and forth. Linking electronically increases efficiency and cuts down on travel costs ultimately reducing operational costs (Laudon, Laudon, 2006, p.59, 62, 276-277).

Diversified Opportunities

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for write-ups and reconciliation processes ("Searching for Technology," 2009).

Input, Processing and Output

Not only does the client need to have proficient financial processes but the accountants themselves need software programs that keep track of clients accounting information with improved efficiency. Accountants work with systems programmers to develop a digital process that will organize their client's history and all their documents. When the clients' data is input into the computer program the processing cycle gives the computer instructions on how to process the clients' data. This enables it to change the data into useful information. Output, transfers the processed information to the accountant (Laudon, et al, 2006, p.16). He/she can analyze the data and interpret the clients' financial statements so as to increase the client's success. All the clients' records can be stored and organized on an accountant's computer system. Rather than bringing a suitcase full of file folders to a client's place of business for review, the documents can be carried on an encrypted laptop or organized on an encrypted portable storage device. The accountant has the client's sensitive information protected but yet at his/her fingertips, ready to perform statistical, accounting or forecasting analysis. The program is stored on the computer hard drive and the data is used to prepare the clients' taxes. The need for a file storage room has been eliminated (Torgerson, 2007).

Cloud Computing

To go a step further, cloud computing is becoming popular today. It is called cloud computing because the name represents the cloud symbol used in flow charts, representing the Internet. It is a service that is being provided over the internet to permanently store data and use business applications over a remote server. Software-as-a-service (SaaS) is a web based service. The data is permanently stored in huge data centers shared by many other users. The accountant would not have to purchase anything. He/she would pay a monthly subscription so he/she would only pay for

what is needed (“What is Cloud,” n.d.). It would free up space on the accounting

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have to have a high level of computer and technical skills. These skills have become part of the knowledge, and abilities of the accounting professionals. In its report the American Institute of Certified Public Accounts (AICPA) cities that, “The knowledge, skills and abilities necessary for the entry-level accountant now include the application and integration of information technology into the accounting process, as well as financial and managerial accounting principles” (Dillon, Kruck, 2004). From this research, not only does an accountant need to have a broad range of accounting knowledge and a strong ability to apply accounting principles, government regulations and interpret tax laws; they must also have strong skills in information technology, to be able to merge accounting with information systems. These accountants will be in greater demand by the profession (Dillon, et al, 2004).

Enterprise Resource Planning (ERP) Systems

The twenty first century accountants have strategic software applications in place to prepare for the future; such as Enterprise resource planning (ERP) systems. This is a software program that integrates different departments in the organization onto the same system. This makes data available diversely and supports activities between the different departments. The information is made available through a common central database and shared through functional areas such as; finance and accounting, sales and marketing, human resources, and manufacturing and production (Laudon, et al, 2006, p.339-340). According to Thomas Wailgum, CIOs have told him that, “Their core ERP modules were used chiefly for accounting and financial applications (96%).” And when asked which areas of their business ERP worked best, respondents overwhelmingly cited, “The financial side of the house (70%)” (2008). ERP improves the business performance because management can get a full picture of how the business is performing at any given moment which can help with major business decision making (Laudon, et al, 2006, p.339).

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Dr. Roger D. Blackman, professor of marketing at Ohio State University, and author of the best-selling book, "From Mind to Market," says it very briefly, "Supply chain management is all about having the right product in the right place, at the right price, at the right time and in the right condition" (PC Magazine, n.d.). Supply chain management has become an important area in many organizations.

There are quite a few demands of a SCM such as; planning and managing procurement, sourcing, and product logistics. These systems require financial expertise to run them. The financial and control aspects of the SCM organization needs to be monitored and supported by a staff. The CPA needs to monitor the entire supply chain, beyond the corporation itself (Kruglinski, 2009). John A. Kruglinski wrote in the Pennsylvania CPA Journal, "Supply chain finance positions typically require a strong background in inventory management and cost accounting, along with other skills, such as contract and capital expenditure evaluation" (2009). In order to meet the demands of the Supply chain management system a CPA, with a standard of excellence in financial knowledge and competencies; superior managerial abilities, is needed to oversee the operations and facilitate the processes.

IT Governance

Many doors have opened for a professional CPA who is proficient in these systems. Because information technology takes on a major part of running a successful organization the IT department needs to be managed. This manager needs to oversee that the information technologies support the organizations' strategies and objectives. The organizations' IT systems must be ahead of the competition, they must be financially responsible to the organization, they must be secure with a backup plan for failure and they must be in compliance with effective controls. Not only must the IT systems support the organizational objectives but the organization must be in compliance with government regulations within the IT Infrastructure. The IT Governance concept is promoted by professional organizations such as, the IT Governance Institute (ITGI) which was established in

1998 and first published the IT Governance framework in that year. In 2004, the ITGI

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and compliance-related management decisions in reference to IT and the business model. He/she must be a successful, influential professional with strong IT leadership skills and superior managerial abilities (Schroeder, 2006). A CPA who is a member of the American Institute of Certified Public Accountants (AICPA) can become a Certified Information Technology Professional (CITP). The credential takes into account his/her combined expertise and makes him/her an IT professional, the most trusted business advisor (CPA CITP, 2009).

Forensic Accounting

A run in of corporate fraud in the early 2000's with such companies as Enron, World Com and Tyco deeply influenced public awareness. New regulations were developed. Corporate fraud was being seriously investigated. These scandals actually opened new opportunities for accountants in such areas as forensic accounting. A CPA's expert knowledge of accounting and finance; combined with investigational techniques and law made it a perfect union for examining criminal financial transactions. Forensic accountants help with interpreting whether activities are illegal in such areas as; financial statement fraud, money laundering, embezzlement, bankruptcies, contract disputes, insurance claims, and securities fraud. They work with lawyers, law enforcement personnel and can also be an expert witness during a trial (Accountants and Auditors, n.d; Kruglinski, 2009).

The added use of information technology has increased the existence of computer crimes such as; identity theft, e-mail phishing, computer hacking, software piracy, purposefully spreading computer viruses, stealing computer files and data, e-commerce sales scams and the list goes on and on. The job market is open to CPA's who meet the AICPA's qualifications to become Certified in Financial Forensics (CFF) for a career in fraud prevention. Also the Association of Certified Fraud Examiners offers Certified Fraud Examiner (CFE) credentials. Forensic accounting services are very much needed and in high demand (Kruglinski, 2009).

The Sarbanes-Oxley Act of 2002: Internal Controls, Internal and External

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financial information. Instantly there was a demand to ensure accuracy in business systems. They were required to have internal controls for operating practices, policies and procedures written and communicated. In order to accomplish this task, management accountants and internal auditors would be needed. This created new challenges for CPAs (McNamara, 2006; Accountant and Auditors, n.d.).

An importance was placed on audits of financial controls. CPA's began assisting the executive officers to ensure the financial reports were ready to be audited. The Act prohibits accountants from managing and consulting clients whose books they were auditing. As a result, the company had to hire two separate accounting firms. The internal auditor was hired to make certain the company was in compliance with corporate policies and government regulations. These internal auditors could actually design internal controls and evaluate the effectiveness and efficiency of the company's computer systems. By documenting and testing internal controls on real-time data they could ensure the company's reliability of financial reporting (Accountant and Auditors, n.d.; Kruglinski, 2009).

The external auditor was hired to conduct an audit which is an examination of the company's accounting information and financial statements. The auditor is to compile a report which is a formal statement of the auditor's opinion as to whether or not the financial statements present fairly in conformity with generally accepted accounting principles (GAAP). This report is something that shareholders and the board of directors, investors, authorities and institutions rely on to be certain that the statements are prepared and reported properly. Under Sarbanes-Oxley a report on the company's internal controls is also required or combined with the audit report (Accountant and Auditors, n.d; Gibson, 2007, p.52-53).

According to Section 404 of the Sarbanes-Oxley Act, "It emphasizes the importance of internal control and makes management responsible for internal controls"

(Gibson, 2007, p.52). The external auditor refers to, The Committee of Sponsoring

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future. The advancements have taken the industry to many new levels of opportunities that I have discussed throughout this article. In comparing and contrasting the changes that have occurred with the use of technology in accounting throughout the ages, enterprise productivity has created career stability and many diverse opportunities in this successful industry of professional accountants.

Agnes Ann Pepe is a Graduate Student of the Graduate Management Program at St. Joseph's College in Patchogue, NY.

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