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## ACCOUNTING & AUDIT

# Change Is Imminent (In Accounting)

In order to remain above the competition and provide the most up-to-date accounting skills, it's wise to stay informed on what's affecting the world of accounting and what kind of an impact it has on the overall health of the accounting industry.

Jun. 10, 2016



Given how many factors ensure accounting is performed accurately, there can be a domino effect in how change affects performance, client expectations, and even the success rate of an accounting firm. These days, change can be anything from shifting regulations to newest technological breakthroughs to the need for stronger IT.

In order to remain above the competition and provide the most up-to-date accounting skills, it's wise to stay informed on what's affecting the world of accounting and what kind of an impact it has on the overall health of the accounting industry.

Here are just a few changes that are occurring in the world of accounting, and how they may possibly affect other [areas of your business](#).

## The Technological Shift

As people continue to adapt and modify technology to help them complete more tasks more efficiently, the accounting industry finds itself in a very different place than it was even ten years ago. Not only is accounting becoming a business that moves more towards online work, but clients are beginning to expect updated tools and services.

An article at [AccountingWEB](#) points out the technological shift as being one of the biggest changes driving the accounting industry forward. It highlights specific updated processes such as “efficiencies derived by automatically downloaded bank and credit card feeds, paperless AP/AR systems, pics taken from mobile phones that OCR receipts and invoices and upload directly into accounting software, online workflow and document storage, and scan and auto-flowing IRS documents directly into tax software.” These are the types of things that modern clients are looking for from their accounting firms – because they, in turn, want to ensure that *their* business is ahead of the competition.

There's also the mention that “nearly 100 percent of young, successful business owners we talk to are already using high-tech business tools” – and these clients aren't looking to step backwards to the days of paper filing. The bottom line is that if a firm stubbornly sticks to the “same old, same old” practices, they'll lose out on prospective clients who want quicker and more efficient solutions.

Another important shift in accounting is the [growing prominence of the cloud](#). This move towards storing data online not only makes accounting more agile and accessible from anywhere, but it also makes the processes much easier for your

clients. Another article at [AccountingWEB](#) names accounting as the industry that ought to take the lead on adopting the cloud for its clients. Since accountants work so closely with the small business community, there's an opportunity for them to introduce those smaller guys to the time-saving, error-reducing efficiency that comes with adopting these cloud-based business models.

This is the perfect example of a mutually beneficial relationship for both cloud-based technology and the accounting industry – plus, it helps clients on both sides. The move from endless papers and filing systems to online storage and technology has already had a massive impact on the accounting business, and it's sure to continue evolving over the next few years.

## The Importance of IT

With all these new high-tech programs and automated systems, it only makes sense that an accounting firm needs to upgrade its IT department as well. This means not only ensuring that the department is staffed with employees who have the most valuable skill set, but also ones who are able to implement system changes and updates that keep various accounting processes in line.

Cloud-based solutions and other new tech aside, there's also the need to stay on top of updating the regular accounting systems – which needs to be done one to two years in advance, and must be flexible to quick change. “As new accounting changes are analyzed, it is important to understand how these changes may affect system requirements and that they are properly considered by the company's finance and IT departments,” says an article at [Financial Executives International Daily](#). The piece goes on to explain that, depending on regulatory changes, “different information will have to be captured and disclosed, and new estimates and related methodologies will need to be developed around variables.”

There's also the case where additional functionalities may be required in order to allocate specific revenue amounts, or make certain estimations – and these tweaks need to become part of the system as soon as possible. All of this just highlights the importance of having a skilled IT department that can identify where changes need to be made on the fly, and where adaptations may need to be made in order to keep accounting processes running smoothly.

## Changes in Regulations and Standards

Aside from new innovations on the tech side, one of the biggest influences on the accounting world is the shifting regulations and standards throughout the industry, and how they impact the way accounting processes work. When it comes to auditing and reporting, there needs to be a firm understanding of what regulations are coming into play, and if any changes have taken place that will require a re-evaluation of reporting methods and accounting for clients.

For example, the article at Financial Executives International Daily mentions accounting convergence, specifically pointing to FASB and IASB finalizing “the new revenue recognition standard” that governs “leasing, financial instruments and insurance contracts” – which means different reporting requirements. With the prediction that the regulatory environment will continue to move quickly, it’s becoming more important than ever that the accounting industry stay on top of shifting regulations and how they affect accounting practices for clients.

Yet it’s not quite as easy as diving in and making a couple changes to the system to conform to new standards; instead, serious consideration needs to be taken by accounting companies to determine how they will collect the new required data. Says Financial Executives International Daily, “One question that is critical to a smooth transition to any new standard is: Does the accounting change require the company to obtain or develop new data to implement the standard? The answer will drive companies’ consideration of whether and if so how they will obtain the historical data and how they can establish a well-defined, repeatable process for collecting such data going forward.” Again, it’s up to the accounting firm to keep up with regulations and standards and adapt their auditing and reporting processes as needed.

## **Better Business for All**

Nothing in business remains static, and for good reason: change helps drive an industry forward, and allows bigger and better solutions to become viable. That’s why it’s so important for the accounting world to take note of the changes that affect the industry – it helps them provide the most accurate services while offering more valuable solutions. Not only will early adopters move the needle, but they’ll also be able to show clients many more ways an accounting firm can help them do business.

What’s the biggest change you’ve seen in accounting in the last five years? Tell us in the comments.

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