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By Isaac M. O'Bannon, Technology Editor

Trial balance and audit engagement management programs share a few essential basics: creation of financials and client deliverables, account manipulation, consolidations, reporting, and analysis. After these areas, however, trial balance usually stops and engagement systems are just beginning, and the two types of systems very rarely find a home or a need in the same professional accounting practice. This is largely due to how the profession and corporate oversight have evolved over the past decade.

Not too many years ago, there were a dozen or more trial balance programs on the market, providing professional accountants with the key tools they needed when closing client periods and books. But two things have happened over the past 10 years that have caused trial balance software to almost disappear. The major reason is that, as the market for professional accounting and tax compliance systems has evolved and coalesced into a handful of software suites, many of the functions key to trial balance are now found in write-up programs, audit engagement systems or tax compliance packages. Add to this the effect that Sarbanes-Oxley had on turning most practices into either a write-up firm or an audit firm, and the result was amplified.

Brian F. Tankersley, CPA.CITP, a consultant, former practitioner, and a regular columnist for our publication stated it this way: "After Sarbanes-Oxley, firms found that they needed trial balance functions either for audit engagements or for write-up and financials generation, but rarely for both. And as programs developed for those practice areas and specialties, it became less necessary to take on the added investment of a stand-alone trial balance application."

While there are still a number of technology vendors who offer module-based trial

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loyal to the products and the vendors, and so the vendors continue to produce the systems.

Of course, in defense of these users, there are business taxation clients for whom a practice may not be providing write-up or other services to throughout the year. For these annual “one-time” engagements, such a trial balance system can offer a quick and simplified method of generating financial statements and analysis, performing tasks like accessing and adjusting accounts, modifying income basis, performing tax reconciliation or grouping accounts.

While all of these functions are available in professional write-up systems or as an add-on to tax packages, the ultimate factor of whether a product is still viable is the market. For the continued users of these systems, the value is still present through intuitiveness, workflow and the ease-of-use of working with a system to which they are accustomed. So do you need trial balance software or are the tools you need and want already in your other programs? That's a question to which each professional or firm has to find their own answer.

Engagement programs are the focus of much of the innovation taking place in accounting firm software today. Such programs traditionally include all of the core features of a trial balance system, along with advanced tools focused on the needs of an audit-focused firm, such as electronic workpaper management, collaboration and workflow tools, checklists, greater research functionality, integration with office productivity programs, and additional features that aid in review and analysis. So if you answered yes to needing trial balance capabilities, the next question is this: Does your firm need an engagement management system for more complex A&A and compilation engagements? n

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