

Accounting Careers

(Explanation)



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Accounting
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Introduction to Accounting Jobs and Opportunities

There exists today a wide range of job opportunities in the field of accounting.

Entry-level jobs are dependent on the extent of your education. Positions of **bookkeeper** and **accounting clerk**, for example, require a high school diploma and perhaps a two-year associate degree in accounting. The position of **accountant** demands that you have a more thorough understanding of financial concepts and typically requires a minimum of a four-year bachelor's degree in accounting. Some accountants go on to become **certified public accountants** (CPAs) as this provides more job opportunities. To become a CPA today, you will likely need to have 150 college credits including a degree in accounting, have professional accounting work experience, and pass the rigorous CPA Exam.

For purposes of our discussion, we've classified accounting jobs into four categories:

- Bookkeeper
- Accounting Clerk
- Accountant
- Certified Public Accountant

For each category, we'll present some general information on salary, educational requirements, and types of employment opportunities.

What is a Bookkeeper?

Annual Salary Range

Full-time: \$27,000 to \$45,000+

The salary range reflects differences in job responsibilities, the size and type of employer, and the supply and demand for bookkeepers in a given geographic area. General salary information is available at the U.S. Bureau of Labor Statistics:

<http://www.bls.gov/oes/current/oes433031.htm>

Educational Requirement

Some bookkeepers enter the work force with a two-year associate degree in accounting, while others enter with a high school diploma and an expectation that the employer will provide on-the-job training. If you are hired as a bookkeeper, you should assume that you will need some experience (either formal or on-the-job) in the use of accounting software. Generally, bookkeepers are not expected to have a four-year degree in accounting.

Note:

If you are new to bookkeeping or need a refresher, AccountingCoach offers explanations, video training, practice quizzes, quick tests, Q&A and 10 certificates of achievement for topics such as:

- Debits and credits
- Adjusting entries
- Financial statements
- Payroll accounting
- Bank reconciliation
- Financial ratios, and more

All are included in AccountingCoach PRO Plus.

We also recommend you use other online resources to become familiar with QuickBooks and electronic worksheets.

Who Hires Bookkeepers?

Bookkeepers are typically employed by companies that do not need or have the means to employ an on-staff accountant. These companies hire a bookkeeper to handle a range of routine financial activities, such as payroll, billing, and purchases. (Small manufacturers, retail stores, distributors, large law offices, small accounting firms, and not-for-profit entities are examples of such companies.) When some tasks require an accountant, the company typically contracts with an outside accounting firm for the services it needs.

Types of Tasks and Responsibilities

Effective bookkeepers are detailed-oriented, accurate, and efficient with a range of basic financial tasks. A bookkeeper is expected to handle large volumes of routine financial transactions in areas such as sales, purchases, and payroll and to generate/handle the documents associated with these transactions. For example, a purchase made by a company may include a purchase order, a

receiving ticket, the supplier's invoice, and payment to the supplier. A bookkeeper's duties may also include the generation of internal financial reports.

A bookkeeper's work may be reviewed by someone inside the company, or by an accounting firm contracted by the company.

Future Needs

The affordability of computers and software means that employers will seek bookkeepers who are proficient in accounting/business software. With new technologies and software, small businesses will give preference to hiring bookkeepers who can adapt to changes in computing systems.

What is an Accounting Clerk?

Annual Salary Range

Full-time: \$27,000 to \$45,000+

The pay range reflects differences in job responsibilities, the size and type of employer, and the supply and demand for accounting clerks in a given geographic area. General salary information is available at the U.S. Bureau of Labor Statistics:

<http://www.bls.gov/oes/current/oes433031.htm>

Educational Requirement

Some accounting clerks enter the work force with a two-year associate degree in accounting, while others enter with a high school diploma and an expectation that the employer will provide on-the-job training. Generally, accounting clerks are not expected to have a four-year degree in accounting.

Types of Tasks and Responsibilities

Companies large enough to have one or more accountants on staff are the companies that also hire accounting clerks to assist the accountants with routine tasks. Whereas a bookkeeper is expected to perform a range of basic financial tasks, the accounting clerk, payroll clerk, accounts payable clerk, accounts receivable clerk, inventory clerk, and cost accounting clerk will have more focused responsibilities.

For example, the duties of an accounts payable clerk at XYZ Company may be to compare the information on each supplier's invoice to the information on XYZ's corresponding purchase order and receiving ticket. If the information on these documents is consistent, the supplier's invoice is sent forward for payment. If the information is not consistent, the differences must be resolved before payment can occur.

What is an Accountant?

Annual Salary Range

Full-time: \$40,000 to \$80,000+

The salary range reflects differences in job responsibilities, the size and type of employer, and the supply and demand for accountants in a given geographic area.

Educational Requirement

Accountants are expected to have a bachelor's degree in accounting from a four-year college or university. Of the 120 semester credits needed for the degree, approximately 30-36 of these credits will be in accounting courses such as introductory, intermediate, and advanced financial accounting, cost accounting, income tax, auditing, and accounting systems. Also required within the 120 credits are business courses such as organizational behavior, human resources, marketing, business statistics, computer systems, business law, economics, and administrative policy.

While a bachelor's degree in accounting will qualify you to be an accountant, it will not meet today's requirements for becoming a certified public accountant (CPA). That is why some colleges and universities now offer both an accounting major as well as a 150-credit degree program or masters degree that qualifies you to take the CPA Exam.

Membership Associations

Accountants can join national organizations with local chapters such as the Institute of Management Accountants, Institute of Internal Auditors, Accounting & Financial Women's Alliance, National Association of Black Accountants, and others.

Who Hires Accountants?

Many companies are sufficiently large and complex to require the ongoing expertise of an in-house accountant. As an accountant, you may find yourself working for a manufacturer, hospital, bank,

insurance company, brokerage firm, or any one of the many other types of businesses. Accountants are also employed by U.S. government agencies such as the Internal Revenue Service (IRS), Federal Bureau of Investigation (FBI), Securities and Exchange Commission (SEC), and the Government Accountability Office (GAO). State government agencies and large not-for-profit organizations also hire accountants.

Tasks and Responsibilities

Being proficient in finance and accounting is just one dimension of being a successful accountant. Therefore, an employer strives to hire an accountant who, in addition to demonstrating excellent accounting skills, also possesses the following traits:

- Pays close attention to details, but does not lose sight of how details affect the bigger picture
- Is a problem solver and a strategic thinker
- Has a productive curiosity about business systems (why a company is profitable, how it attracts new customers, etc.)
- Has good listening skills
- Can communicate complex financial information in a clear, straightforward manner
- Works well as a member of a team
- Can supervise and develop subordinates

Some accountants are generalists, while others prefer to specialize in a given area. For example, if you are hired as a *cost accountant* (or *cost accounting manager*) at a manufacturing company, you might supervise several cost accounting clerks who calculate the costs of products manufactured, prepare cost estimates for potential sales of new products, and monitor the cost of raw materials, labor, and overhead.

Or, you might be responsible for maintaining the general ledger and preparing financial statements that comply with generally accepted accounting principles. In this role you might supervise an accounts payable clerk and payroll clerk, and your title might be *general ledger accountant*, *chief accountant*, *corporate accountant*, *accounting manager*, or *corporate controller*.

At larger and more complex companies, some accountants may have titles such as *internal auditor*, *coordinator of profit plans and budgets*, *researcher of accounting and tax issues*, *financial analyst*, or *tax accountant*.

Future Needs

As the world becomes more interconnected via global systems and international commerce, the need increases for accountants to be knowledgeable in international accounting standards as well as new technologies that assist management in making decisions. In short, accountants will need to

be life-long learners who work closely with people in marketing, production, information technology, and e-commerce.

What is a Certified Public Accountant (CPA)

Annual Salary Range

Full-time entry level: \$50,000 to \$65,000

Full-time with several years of progressive experience: \$100,000+

The entry-level salary range will vary by industry, geographic location, and other factors. You can obtain more detailed information concerning starting salaries from the career services or placement office of the college or university that you plan to attend.

Increases in annual salary will depend on your professional growth. If you are an effective supervisor, work well with fellow employees and clients, and know how to improve profits, your salary increases can be significant. Annual salaries of experienced CPAs can be in excess of \$100,000. Some CPAs with more than 10 years of continuously increasing responsibility can earn more than \$200,000 per year.

Educational Requirement

Most state boards of accountancy now require that CPA candidates have a minimum of 150 college credits of which some must be in specified accounting and business courses before they are allowed to sit for the Uniform CPA Examination. (Check with your own state's board of accountancy to determine what the requirements are. If you do not meet your state's requirements, you will not be allowed to sit for the CPA Exam.) Reputable colleges and universities will have accounting programs designed to meet their state's requirements.

Because the CPA Exam is very rigorous, you should select a college or university with a rigorous accounting program that will prepare you for the challenge.

Other Requirements

After you've passed the CPA Exam, most state boards of accountancy require you to have a minimum of one year of professional accounting experience and pass an ethics test before you can be licensed as a CPA. Once licensed, you will be required to earn professional continuing education credits to maintain your license. Again, check with your own state's board of accountancy for specifics.

[Find your State Board of Accountancy](#)

Membership Associations

In addition to the organizations targeted to non-CPA accountants, a CPA is eligible to join its state society of CPAs and the American Institute of Certified Public Accountants (AICPA).

Who Hires CPAs?

Before you can become a licensed CPA, you must pass the CPA Exam, and acquire the necessary work experience. Fortunately, some companies will hire a newly graduated accounting major *who has the ability and intention to become a CPA*. Such employers recruit students who graduate with high grade point averages from well-respected accounting programs, since they are most likely to pass the challenging CPA Exam.

Major employers of CPAs (and soon-to-be CPAs) include:

- CPA firms. These range from a small one-office firm, to regional multi-office firms, to large international firms with offices in major cities throughout the world.
- Companies such as manufacturers, banks, insurance companies, government agencies, large not-for-profit organizations, e-commerce, and many more.

Tasks and Responsibilities during the First Year at CPA Firms

In order for a CPA firm to be profitable, its CPAs must be highly focused individuals who can successfully complete tasks within a reasonable amount of time. CPAs are often billed out to clients using a per-hour billing rate, and clients will not pay high fees for CPAs who spend an unreasonable amount of hours completing the necessary tasks.

Some larger CPA firms assign newly hired college graduates to work in their tax departments or advisory services area. More common, however, is for firms to start new hires in the auditing area where they audit a client's records with a team comprised of a supervising or senior accountant, a manager, and one of the firm's partners.

Smaller CPA firms generally perform relatively few audits, resulting in a more varied workload for the new hire. Responsibilities in a smaller CPA firm might include: reviewing a business client's financial statements, assisting with the client's accounting system, preparing a business tax return, preparing the business owners' personal tax returns, and tax planning.

Most CPA firms find their busiest season to be the months of January through April. The reason

for this is that many clients are businesses with an accounting year ending on December 31. As a CPA, you would prepare and audit annual financial statements for business clients during January, February, and March. Additionally, clients who are individuals will need their personal tax documents completed by the IRS deadline of April 15. Some CPA firms try to “smooth out” their annual workload by adding clients with fiscal years that end in months between May and October. For example, school districts and some businesses and nonprofits have accounting years that end on June 30.

If you are a recent hire who is planning to take the CPA Exam, the less busy months of May through December will be more conducive for studying for the exam.

After the First Year at CPA Firms

After one year at a CPA firm, you may be assigned to work with new clients as well as the clients you know from your first year. The firm’s goal is to deepen and broaden your range of experiences while offering clients efficient and professional service. Each subsequent year you are with the firm, you can expect more and diverse responsibilities in areas such as audit planning, supervising the work of other auditors and accountants, increased client contact, and additional training.

Tasks and Responsibilities at non-CPA Firms

Not every CPA wants to work as a public accountant. Some prefer to be employed as accountants for companies involved in e-commerce, manufacturing, banking, insurance, or government agencies, or not-for-profit organizations. These accountants may have obtained their CPA license for more work options, or to distinguish themselves from others.

Some CPAs may choose to specialize. For example, in large international corporations whose stock is publicly traded, external reports must be provided to stockholders, the SEC, and the IRS. Each of these requires compliance with unique reporting standards. Some CPAs enjoy the intellectual challenge and satisfaction in keeping current and complying with new and often complex reporting standards.

Many accounting graduates begin their careers in public accounting, gain valuable experience, obtain their CPA license, and then leave public accounting. Some will work for businesses or not-for-profit organizations, some become entrepreneurs, and others gain additional education and become accounting professors.

Future Needs

As the world becomes more interconnected via global systems and international commerce, the need increases for CPAs to keep current with both domestic and international accounting standards. CPAs must also keep current with new technologies that assist management in making decisions.

Accounting Jobs at CPA Firms

Below is a table that provides some examples of the accounting job opportunities at large and small CPA firms:

Category	Examples of Firms	Services Provided by Each of the Firms Shown	Common Titles of Accounting Degreed Employees
Big 4	Deloitte PwC Ernst & Young KPMG	Attestation & Assurance Tax IT/Systems International Advisory Services (succession planning, mergers and acquisitions, etc.) Data analytics Forensic	Staff Accountant Junior Senior Supervisor Manager Senior Manager Partner Managing Partner
Next tier of largest firms	RSM Grant Thornton BDO	Attestation & Assurance Tax IT/Systems International Advisory Services (succession planning, mergers and acquisitions, etc.) Data analytics Forensic	Staff Accountant Junior Senior Supervisor Manager Senior Manager Partner Managing Partner
Regional U.S. firms		Attestation & Assurance Tax IT/Systems Advisory Services (succession planning, mergers and acquisitions, etc.) Data analytics Forensic	Staff Accountant Junior Senior Supervisor Manager Senior Manager Partner Managing Partner
Local U.S. Firms		Attestation & Assurance Tax IT/Systems/QuickBooks Advisory Services (succession planning, mergers and acquisitions, etc.) Data analytics Forensic Personal Financial Planning	Staff Accountant Junior Senior Supervisor Manager Senior Manager Partner Managing Partner
Sole or Solo Practitioners		Attestation & Assurance Tax Personal Financial Planning Accounting & Payroll Services QuickBooks advising	

Corporate Accounting Jobs

Below is a sampling of the various accounting positions found in corporate accounting:

Classification	Common Titles of Accounting Degreed Employees	Common Titles of Non-Degreed Accounting Positions
Manufacturing Utilities Banking and Financial Services Insurance Hospitals Other Health Care E-Commerce	Chief Financial Officer (CFO) VP-Finance Corporate Controller Plant Controller Assistant Controller Accounting Manager Accounting Supervisor Chief Accountant Cost Accounting Manager Cost Accountant Tax Researcher Director of Internal Audit Internal Auditor Director of SEC Reporting Financial Analyst Budget Director	Accounts Payable Clerk Accounts Receivable Clerk Payroll Clerk Cost Accounting Clerk Budget Assistant

Getting Hired

Regardless of the accounting position you seek, here are some suggestions to better prepare yourself:

Before You Need a Job

- Continually improve yourself. Small consistent improvements add up. For example, if you are not familiar with accounting software, learn QuickBooks.
- Network. Join a professional organization and begin networking in advance of the need to find a job.

- Get the experience that employers look for.
- Learn about business models. Understand how companies earn revenues and improve profits.
- Learn basic etiquette. Know manners and other social skills before you have lunch with a potential employer.

When Seeking a Job

- Let the people in your network know that you are searching for a new position.
- Use your school's placement office. Even if you have already graduated, your college is likely to assist its alumni as well as its current students.
- Use the Internet to learn more about the types of positions that are available.
- Search within to determine who you are and what your calling in life might be. Where do you find personal satisfaction and joy?

When Interviewing

- Be prepared. Use the Internet to learn all you can about the company.
- Look your best. Make sure your appearance is consistent with the image the company wants to project to its clients or customers.
- Project an air of confidence. Give a firm handshake, look the interviewer in the eye, and use proper grammar. Let the interviewer know why you want to work for this company.
- Be grateful. Thank the interviewer for the meeting and express your continued interest in the organization.

After the Interview

- Follow up immediately with a letter thanking the interviewer for the opportunity to discuss the position available. Be sure you reiterate your interest in the company.

- You can expect to receive a letter or other communication from the interviewer stating that you 1) received the job, 2) have been granted a second interview, or 3) have been rejected for the position. If you have not been contacted, be certain to contact the interviewer. Showing interest in the position and the company will be well received.

Introduction to Accounting Degrees

If you have an aptitude for accounting and business, the field of accounting can offer you a variety of job opportunities.

With a high school diploma or a two-year associate degree earned at a community or technical college, you could find employment as an **accounting clerk**. An associate degree could also land you a job as a **bookkeeper** for a local business. Becoming knowledgeable in QuickBooks and electronic spreadsheets can also lead to employment.

To be an **accountant**, however, you will need a minimum of a four-year bachelor's (or *baccalaureate*) degree in accounting. With this degree, you will have more job opportunities open to you and may earn twice the salary of a person with an associate degree. The bachelor's degree in accounting is likely to include 36 credits of difficult accounting courses plus 20 credits in other business courses.

If you want to become a **certified public accountant**, you must pass the Uniform CPA Examination (CPA Exam). To qualify to take the exam, you will need to earn a 150-credit accounting degree as required by your state board of accountancy. You should be aware that this is a challenging goal. Relatively few individuals complete the 150-credit degree program. Of those who take the CPA Exam, less than half will be successful.

To become familiar with the type of material that is covered in *beginning or introductory* college accounting courses, browse through the 30+ topics we present on our free website AccountingCoach.com. Be aware that the subsequent college accounting courses will be much more difficult than what is presented on AccountingCoach.com.

If you decide to pursue an accounting degree, make certain that you enroll in a college or university with a well-respected program. One indicator of a quality accounting program is the ability of its graduates to find employment through the campus placement office. In short, if an accounting program is excellent, employers will actively recruit the graduates of that program. Find out the job placement rate for the college or university that you are considering.

Two-Year Associate Degree in Accounting

Many two-year colleges, community colleges, and technical schools offer an associate degree in accounting. With an associate degree, you will most likely find a job as an accounting clerk at a large company, or as a bookkeeper at a smaller company. You will be somewhat limited as far as opportunities and pay, earning perhaps only 50% of what an accountant with a four-year bachelor's degree may earn.

If your goal is to obtain an associate degree in accounting, be certain that there is a demand for this skill in the geographic area where you want to live. Before enrolling in an associate degree program, do the following:

- Visit the career services or placement offices of the schools you are considering to learn the percentage of graduates getting placed in positions sought by the graduates.
- Visit the human services departments of the companies where you'd like to work. Inquire about the opportunities available for people with an associate degree in accounting.
- Visit several temporary staffing organizations (like Kelly Services or Manpower, Inc.) to see if they have clients in need of temporary employees with associate degrees in accounting.
- Be certain that your school's curriculum includes hands-on experience with popular accounting and business software. Technology keeps getting more efficient and employers want to hire bookkeepers who know how to use the latest in business and accounting software.
- Find out if your course credits will transfer to a four-year college or university in the event you decide to pursue a bachelor's degree in accounting.

Four-Year Bachelor's Degree with a Major in Accounting

If you choose to major in accounting, there are many colleges and universities that offer a bachelor's degree program in accounting. These degree programs typically require a minimum of 120 semester-credits that include the following:

- Approximately 30-36 credits of *accounting* courses in areas such as financial accounting, cost accounting, income tax, consolidations, auditing, and accounting systems.

- Approximately 20-30 credits of other business courses in areas such as organizational behavior, human resources, marketing, business statistics, information technology, business law, economics, and administrative policy.
- A minimum of 61 credits of courses *outside of business*, such as social science, physical science, languages, and other liberal arts courses.

Keep in mind that a 120-credit bachelor's degree in accounting is no longer sufficient for you to sit for the CPA Exam. See our discussion below on the 150-credit degree.

150-Credit Degree for the CPA Exam

Each state in the U.S. has a *state board of accountancy* that is responsible for licensing certified public accountants (CPAs) to practice in that state. Each board issues the requirements for becoming a licensed CPA. In the past, a 120-credit bachelor's degree in accounting was sufficient to qualify a person to sit for the CPA Exam. Today, most states require that candidates complete a 150-credit college accounting degree program (or a master's degree containing the required accounting credits). Exact rules vary from state to state.

Colleges and universities with respected accounting degree programs will offer both a bachelor's degree in accounting as well as the more ambitious 150-credit degree or an appropriate masters degree. If you want to become a CPA, choose the 150-credit or masters degree program that meets the state's requirements for taking the CPA Exam.

You should know from the outset that college accounting courses are difficult—they demand an ability to understand and manipulate complex financial concepts. You will be expected to attain above average grades in an environment with high grading standards.

Less than half of the students who enroll in a college accounting degree program will graduate with an accounting degree. Of the students who earned the necessary accounting degree and took the CPA Exam, only half will earn a passing score.

If your goal is to become a CPA, you should prepare early. While still in high school, enroll in courses that are part of the "college track." Completing advanced placement (AP) or post-secondary enrollment option (PSEO) courses in high school will give you an advantage in college.

Meeting the Educational Requirements in Different Ways

Generally, colleges and universities will design an accounting program that guides students through the college credits required to sit for the CPA Exam. That being said, state boards of accountancy allow some flexibility. Here are examples of how people met the education requirement for taking the CPA Exam:

- Judy earned a bachelor's degree in accounting from a college or university noted for its outstanding undergraduate program. Judy then earned an MBA degree from another graduate business school.
- Mike earned a bachelor's degree in accounting from a college or university noted for its outstanding accounting program. Mike then attended another exceptional university and earned a graduate degree in taxation.
- James graduated from college in only four years with the 150-credit accounting degree. This was possible because James came to college with AP (or PSEO) credits earned in high school.

Choosing a College or University

Since the cost of tuition, books, housing, and your time will be significant, be certain that your education is worthy of your investment. Select a college or university with an accounting program that is well respected by employers and that will prepare you for a successful career in accounting.

Here is some advice as to what you should look for:

1. The college's undergraduate, 150-credit accounting program, or master's degree with an accounting emphasis should be *accredited* by [The Association to Advance Collegiate Schools of Business](#) (AACSB International). If the college does not have AACSB accreditation, verify that your state's board of accountancy recognizes its accounting program.
2. Ask the college to provide you with its students' pass rates on the CPA Exams for the past three years (available from the National Association of State Boards of Accountancy's *Candidate Performance of the Uniform CPA Examination*). A high quality accounting program will produce (1) a high percentage of students who pass individual sections of the CPA Exam, (2) a high percentage of students who pass all sections of the CPA Exam, and (3) a small percentage of students who do not pass any section of the CPA Exam. (If the college cites only an impressive statistic from years earlier, that isn't sufficient—perhaps the best professors have retired and their replacements are less effective.)

3. CPA firms recruit from campuses that consistently graduate a significant number of high quality students. Ask the college placement office which firms come to campus year after year to recruit accounting graduates. Look at the college's career services and placement office statistics for its recent accounting graduates. Obtain the placement rate of accounting students in the accounting positions that students were seeking and the salary offers they received. A first-rate campus placement office combined with an excellent accounting program means that you will have an easier time getting your first professional accounting position.
4. In addition to a high grade point average, recruiters are interested in your communication, leadership, and team dynamics skills. You can develop these through involvement in student organizations that operate within a college's accounting program, such as an accounting club or society, a chapter of Beta Alpha Psi, or a student chapter of IMA (Institute of Management Accountants). Inquire whether such organizations are active at the college or university you are considering.

Being a member (and later, being an officer) of a student accounting organization will allow you to learn more about the accounting profession, help you develop leadership skills, and give you valuable experience interacting and networking with accounting professionals. Students who served as officers in accounting organizations are often sought after by firms. Informing a recruiter that you are "just now getting involved" is not impressive. Get involved early so you can proudly discuss your non-academic achievements during the interview.

Getting involved in student organizations often allows you to get to know your professors better—and vice versa—something that becomes important when you are asked for references.

5. Inquire about accounting internships that are coordinated by the college's accounting department. Not only will a paid, full-time internship be an impressive addition to your resume, it will also give you valuable, on-the-job experience. Many people say that their accounting internship was the best thing they did in college. Students state it helped them to narrow their career focus, opened up new avenues of networking, and infused them with renewed motivation to finish their coursework and prepare for the CPA Exam. A successful accounting internship often leads to an offer for a permanent position after graduation.

Another way to gain experience (and perhaps earn college credit) is through a campus-sponsored Volunteer Income Tax Assistance (VITA) program. VITA provides free help with income tax preparation for people with low or moderate incomes.

6. The college faculty should consist of full-time professional instructors who are recognized as effective in teaching accounting. Ask to see a tabulation of students' evaluations of their accounting instructors during the most recent semesters.

In summary, make certain that you are enrolled in an accounting program that has demonstrated success with its students passing the CPA Exam. A weak accounting program staffed by undemanding professors who give easy exams and high grades may be a waste of your time and money. Getting high grades from easy professors may give you a false sense of your accounting abilities.

Introduction to CPA Requirements

Our overview of the CPA requirements is organized as follows:

- Education Requirements
- Passing the CPA Exam
- Ethics Exam
- Experience Requirements
- CPA License Requirements
- Organizations for CPAs

Education Requirements

Each state in the U.S. has a *state board of accountancy* that is responsible for licensing certified public accountants (CPAs) to practice in that state. Each board issues the requirements for becoming a licensed CPA. In the past, a 120-credit bachelor's degree in accounting was sufficient to qualify a person to sit for the CPA Exam. Today, most states require that candidates complete a 150-credit college accounting degree program. Exact rules vary from state to state.

In general, state boards require the following:

- A minimum of 150 semester credits from a college or university whose accreditation is accepted by the state. (Colleges and universities typically offer a curriculum designed to meet the 150-credit requirement.)
- A minimum of a bachelor's degree
- A specified number of accounting courses
- A specified number of business courses

Colleges and universities with respected accounting degree programs will offer a bachelor's degree in accounting as well as the more ambitious 150-credit degree or a master's degree. If you want to become a CPA, you will choose the 150-credit program or the master's degree (provided they meet the state's requirements for taking the CPA Exam).

You should know that college accounting courses are difficult—they demand an ability to understand and deal with complex financial concepts. You will be expected to attain excellent grades in an environment with high grading standards.

Less than half of the students who enroll in a college accounting degree program will graduate with an accounting degree. Of the students who earned the necessary accounting degree and took the CPA Exam, only half will earn a passing score.

If your goal is to become a CPA, you should prepare early. While still in high school, enroll in courses that are part of the "college track." Completing advanced placement (AP) or post-secondary enrollment option (PSEO) courses in high school will give you an advantage in college.

Meeting the Educational Requirements in Different Ways

Generally, colleges and universities will design an accounting program that guides students through the college credits required to sit for the CPA Exam. That being said, state boards of accountancy allow some flexibility. Here are examples of how people met the education requirement for taking the CPA Exam:

- Judy earned a bachelor's degree in accounting from a college or university noted for its outstanding undergraduate program. Judy then earned an MBA degree from another graduate business school.
- Mike earned a bachelor's degree in accounting from a college or university noted for its outstanding accounting program. Mike then attended another exceptional university and earned a graduate degree in taxation.
- James graduated from college in only four years with the 150-credit accounting degree. This was possible because James came to college with AP (or PSEO) credits earned in high school.

Passing the CPA Exam

Once a state board of accountancy determines that a candidate has met the requirements to take the CPA Exam, the candidate will face the most difficult part of becoming a certified public accountant—the exam itself.

The CPA Exam is recognized for its low pass rates (only half will pass). This emphasizes our advice that you attend a college or university with a rigorous accounting program.

As a general rule, you should sit for the CPA Exam as soon as you meet your state's academic requirements. It is advantageous to take the exam while your accounting courses are reasonably fresh in your mind.

We recommend that you sign up for a CPA Exam review course before attempting the CPA Exam.

Ethics Exam

After passing the CPA Exam, but before a CPA license is issued, an ethics exam may be required. Learn your state's requirements regarding ethics at your State Board of Accountancy: <https://nasba.org/stateboards/>

Experience Requirements

The experience requirements for obtaining a CPA license are determined by each state's board of accountancy.

Generally, if someone passes the CPA Exam the odds are great that the person will find a job that provides the required professional accounting experience. (Of course, there will be times when economic conditions make it difficult to find a specific accounting position that someone is seeking.)

CPA License Requirements

You must apply for your CPA license through your state's board of accountancy (or its designated licensing agency).

To maintain one's CPA license, most state boards of accountancy require CPAs to take a specified number of continuing professional education (CPE) hours within a specified period of time. Boards will specify the types of CPEs that will meet this requirement.

For more details, check with your State Board of Accountancy: <https://nasba.org/stateboards/>.

Organizations for CPAs

While membership in a state society of CPAs and membership in the American Institute of CPAs may not be a legal requirement, we believe it is a practical requirement for the reasons shown below.

State Societies of CPAs

Most certified public accountants join their state society of CPAs. A state society provides the following benefits:

- Informs members about current issues within the state
- Arranges for continuing professional education seminars on such topics as state taxes, state laws, federal taxes, and technology changes
- Publishes monthly bulletins, newsletters, magazines, and email notices covering issues important to its members
- Promotes the accounting profession to students and the general public

American Institute of Certified Public Accountants (AICPA)

The American Institute of Certified Public Accountants is a national professional organization of CPAs. Surprisingly, not all CPAs join this organization, even though it offers significant benefits to its members ranging from technical accounting updates to discounts on products and services. The AICPA publishes the monthly magazine *Journal of Accountancy*, maintains a website with information on current issues, and provides continuing education resources.

Introduction to the CPA Exam

The official name of the CPA Exam is the *Uniform CPA Examination*. The exam is computer-based and comprised of questions developed by the American Institute of Certified Public Accountants (AICPA), a national organization. Passing the CPA Exam meets one of several requirements for becoming a licensed certified public accountant.

Most state boards of accountancy require candidates to complete (or be close to completing) 150 semester college credits before they can take the exam. Within the 150 credits there must be a minimum of a bachelor's degree along with specified accounting and business courses from a college that the state board of accountancy recognizes as being accredited.

Difficulty of the CPA Exam

The CPA Exam is considered to be one of the most difficult of the professional licensing exams. Even though candidates are allowed to take just one section at a time, the CPA Exam is so rigorous that nearly half of the candidates sitting for any given section of the exam will receive a failing score.

View recent CPA Exam pass rates: <http://www.aicpa.org/BecomeACPA/CPAExam/PsychometricsandScoring/PassingRates/Pages/default.asp>.

To fully appreciate the difficulty of the CPA Exam, remember that it is a select group of bright accountants who are experiencing these low pass rates. The people taking the CPA Exam have:

- A minimum of 150 college credits that include very challenging accounting courses with high grading standards.
- A keen aptitude for and a strong interest in accounting.
- Prepared themselves for the exam often by taking formal CPA Exam review courses and/or studying review materials.

It is a sobering statistic that nationally only 45-63% of candidates who attempt any given section of the CPA Exam will achieve a passing score. If your goal is to become a certified public accountant, the low pass rates emphasize the importance of a rigorous, high-quality, college accounting program.

CPA Exam Facts

Some facts about the CPA Exam:

1. The official title of the CPA Exam is the Uniform CPA Examination. The “Uniform” part of the name reflects the fact that the AICPA develops the exam as opposed to each state developing its own exam.
2. The CPA Exam is completely computerized and is offered only in testing centers.
3. The CPA Exam has been a computer-based exam since the year 2004 and it consists of four sections that can be taken one at a time and in any sequence. The sections and their allotted times are:
 - Auditing and Attestation (AUD) - 4 hours
 - Business Environment and Concepts (BEC) - 4 hours
 - Financial Accounting and Reporting (FAR) - 4 hours
 - Regulation (REG) - 4 hours
4. As a general rule, it is best to attempt several sections of the CPA Exam as soon as your state’s academic requirements have been met. Your recall of the accounting material learned in your college courses may be more helpful to you than the information you learn in your first accounting job.
5. For important specifics and valuable resources to help you prepare for the CPA Exam visit: <https://future.aicpa.org/resources/toolkit/cpa-exam>.
6. For additional information regarding the CPA Exam visit: <http://nasba.org/exams/cpaexam/>.
7. To get current information on the international administration of the CPA Exam visit: <http://nasba.org/exams/internationalexam/>.

CPA Exam Review Courses and Materials

A strategy for attaining a passing score on each section of the CPA Exam must include a disciplined and aggressive study plan.

CPA Exam review courses and materials will help you develop:

- A timetable for reviewing accounting material learned over the past several years
- A structure for organizing various topics in a logical manner
- Helpful exam-taking techniques
- A focus on important topics

We compiled the following alphabetical list of links for eight of the many CPA exam review courses and materials that are available. We have *not* reviewed any of these review courses and we do not receive any compensation from them.

CPA Review Courses

Becker CPA Review

<http://www.becker.com/cpa-review>

Fast Forward Academy CPA Review

<https://fastforwardacademy.com/store/cpa/pathway>

Gleim CPA Review

<http://www.gleim.com/accounting/cpa/>

Lambers CPA Review

<https://www.lambers.com/lambers-products/lambers-cpa-review/>

Roger CPA Review

<https://www.rogercpareview.com/>

Surgent CPA Review

<https://www.surgentcpareview.com/>

Wiley CPAexcel

<http://www.efficientlearning.com/cpa/>

Yaeger CPA Review

<http://www.yaegercpareview.com>

Certified Management Accountant (CMA)

After you've become an accountant, you may choose to earn a specialized certification, license, or other credential in accounting. Doing so puts you a notch above uncredentialed accountants and may open up additional job opportunities for you.

We discussed the certified public accountant (CPA) designation in some detail at CPA Requirements and CPA Exam. Whether or not you choose to pursue a CPA designation, you might be interested in pursuing the *certified management accountant* designation, or CMA.

To become a CMA, you must meet the education and experience requirements and pass the CMA Exam. Information on the CMA Exam is available at http://www.imanet.org/cma_certification.aspx

Passing the CMA Exam demonstrates that you have a strong proficiency in management accounting and financial management. The time you spend reviewing and learning the material covered on the CMA Exam will make you a better accountant. You will become a better management accountant if you are already working in industry. If you are working at a CPA firm as a public accountant, you will also become a more knowledgeable CPA. Since most accountants will eventually work in areas outside of public accounting, the CMA credential is a wise investment.

CMA Exam Review Courses and Materials

There are several sources for CMA review courses and materials. Here is an alphabetical listing with links to their websites:

Becker CMA Review

<https://www.beckercma.com/>

Gleim CMA Review:

<http://www.gleim.com/accounting/cma/>

HOCK CMA Review:

<https://www.hockinternational.com/cma-exam/>

Surgent CMA Review:

<https://www.surgent.com/cma-exam-review-course/>

Wiley CMA Review:

<http://www.efficientlearning.com/wileycmaexcel/>

Accounting-Related Certifications and Credentials

Below is our listing of various certifications, credentials, and other designations that will help you distinguish yourself in the accounting field.

Certification	Certification Granted By	Additional Information
CPA Certified Public Accountant	Uniform CPA Exam, but licensing by state	www.aicpa.org www.cpa-exam.org www.nasba.org
CMA Certified Management Accountant	IMA (Institute of Management Accountants)	www.imanet.org
CIA Certified Internal Auditor	The Institute of Internal Auditors	www.na.theiia.org
CGMA Chartered Global Mgmt Accountant	American Institute of CPAs (AICPA) Chartered Institute of Management Accountants (CIMA)	www.cgma.org
CFP Certified Financial Planner	Certified Financial Planner Board of Standards Inc.	www.cfp.net
CFE Certified Fraud Examiner	Association of Certified Fraud Examiners	www.acfe.com
NAFA National Association of Forensic Accountants	National Association of Forensic Accountants	www.nafanet.com
EA Enrolled Agent	Internal Revenue Service	www.irs.gov
CGFM Certified Government Financial Manager	Association of Government Accountants (AGA)	www.agacgfm.org
CB Certified Bookkeeper	American Institute of Professional Bookkeepers	www.aipb.org
CPB Certified Public Bookkeeper	National Association of Certified Public Bookkeepers	www.nacpb.org
CPP Certified Payroll Professional	American Payroll Association	www.americanpayroll.org
FPC Fundamental Payroll Certification	American Payroll Association	www.americanpayroll.org
QuickBooks ProAdvisor	Intuit Inc.	proadvisor.intuit.com