

Financial reporting increasingly looking ahead — not back

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April 11, 2022 12:01 am

Financial reporting used to be about historical results—but business owners and stakeholders increasingly want their trusted advisers to look forward. NJBIZ spoke with some accounting leaders to find out how the profession is changing, and what it means for business owners.

[excerpt]



Rotenberg

“The complexity of financial reporting has increased significantly over the last few years, and having to implement new revenue recognition, lease rules, and disclosures has been challenging for companies,” noted Neal Rotenberg, partner-in-charge of Marcum’s Saddle Brook office. “The changing landscape of state and local taxation has not only caused tax compliance challenges but also financial disclosure issues.”

The changes have affected both private and public companies, he said. “Although public companies usually have more resources in their accounting departments to handle the new rules, they are subject to more disclosure requirements than private companies,” he explained. “In addition, public companies must assess the effectiveness of their internal controls over financial reporting in their annual reports to the SEC.”

The profession is going through a lot of changes, Rotenberg added. “There is just more to know in accounting. Areas of accounting are becoming more specialized. Our practice has focused on specific industries so that our professional staff working on engagements will understand the nuances of the clients’ businesses.”

Educational institutions are doing their part to help prepare the next generation of CPAs, according to Rotenberg, who sits on the accounting advisory board at Syracuse University. “Like many other schools, Syracuse University has been active with its alumni in public accounting to make sure their programs keep up with the changing environment,” he said. “We need more students, though. There is a large demand for accountants in both public accounting and the private sector.”

And as business becomes more tech-driven, the accounting profession has kept up. “Marcum is hiring people with degrees in a number of fields, he noted. “Technology is driving the modern audit practice, and complexity in new technology-driven financial products is causing a shift to find ‘non-accountant’ professionals who have expertise in these areas. For instance, financial statement audit efficiency has increased the need for data science and data analytics professionals; and as cryptocurrency use expands, professionals who understand blockchain technology are needed to assist auditors.”