

AI UNCHAINED

Accounting Intelligence. No boundaries. No limits.

2024



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NAVIGATING THE FUTURE: THE ROLE OF AI IN THE ACCOUNTING PIPELINE CHALLENGE

WEDNESDAY, OCTOBER 9

PRESENTER:



CALVIN HARRIS JR.

CPA, CEO OF NYSSCPA

Learning Objectives

- Gain a comprehensive understanding of the current challenges in the accounting talent pipeline
- Explore insight into the economic and operational impacts of these challenges
- Learn strategies and review AI technologies that can engage young (and young at heart) accounting professionals, and revitalize education and practice



The New York State
Society of CPAs

Background

- New York State Society of Certified Public Accountants (NY CPA) represents 20,000+ members, and the accounting profession in New York.
- The First State society – Incorporated January 28, 1897
- NY CPA is a leading resource for CPAs, members and the public by strengthening education, opportunities and excellence through its advocacy

Accounting Pipeline - Current Challenges

- Relevancy and Image of accounting
- Starting Salaries
- Workplace culture
- Type and hours of work
- Advancement opportunities and timing
- US birthrates...and aging
- Cost of education; views/value of higher education
- Under-representation in some groups
- Licensing for CPAs

Sources: AICPA National Pipeline Advisory Group (via US Census, CAQ, various student surveys, NPAG polling)



Accounting Pipeline - Current Challenges

- **Relevancy and Image of accounting**

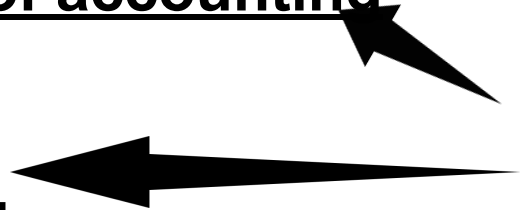
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Accounting Pipeline – per Accounting Leaders

- NPAG Poll – what accounting leaders need most (in order of demand)
 - Experienced accountants
 - Experienced CPAs
 - More accounting graduates as first-year hires
 - More accounting staff to become CPAs

Sources: AICPA National Pipeline Advisory Group (via NPAG polling)



Accounting Pipeline – per Staff & Students

- Prior Polling Data

- **91%** Agree or strongly agree the ongoing high volume of work makes accounting feel like a more challenging career
- **77%** Say that students perceive accounting starting salaries as not competitive

Accounting Pipeline – Trickle-Down effect...

- **The REAL Accounting PIPELINE =**

- Students would COULD become accountants

AND

- Existing accountants WHO LEAVE the profession

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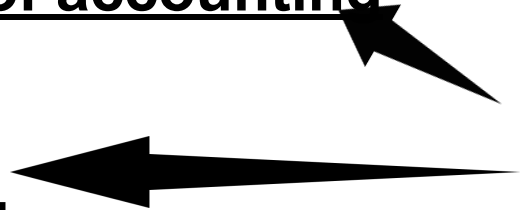
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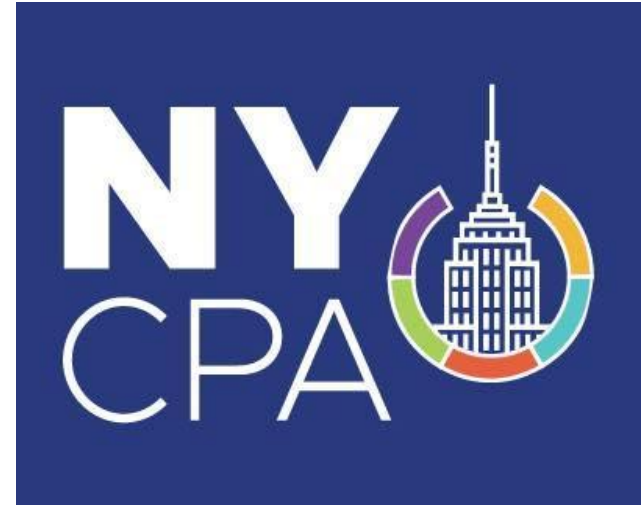
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Polling Question #1:

What do you believe is the biggest factor contributing to the current shortage in the accounting talent pipeline?

-
- A) Decline in accounting program enrollments
 - B) Increased competition from other industries
 - C) Work-life balance and burnout issues
 - D) Relevancy & Image of accounting
 - E) Other factors...



Economic Impacts – selected articles

- "The Accountant Shortage Is Showing Up in Financial Statements",
The Wall Street Journal, 7/11/23
(<https://www.wsj.com/articles/the-accountant-shortage-is-showing-up-in-financial-statements-b14a6b94>)
- "Job Security Isn't Enough to Keep Many Accountants From Quitting",
The Wall Street Journal, 9/22/23
(<https://www.wsj.com/articles/accounting-quit-job-security-675fc28f>)
- "The Accounting Profession Is in Crisis",
The CPA Journal (via NY CPA), Sept/Oct 2023
(<https://www.cpajournal.com/2023/12/01/the-accounting-profession-is-in-crisis/>)

Economic Impacts - Micro

- Increased Recruitment and Retention Costs
- Outsourcing and Temporary Staffing Costs
- Budgeting and Financial Projections more challenging
- Impact on Client Fees (and client decisions)
- IS affecting (and will continue to affect) bottom line...

Operational Impacts – Micro

- Increased Workloads for Existing Staff
- Compromised Quality and Client Service
- Delays in Adopting New Technology and Processes
- Vicious Cycle...

"The Accountant Shortage Is Showing Up in Financial Statements", via *WSJ* 7/11/23

- Advance Auto Parts cited "a lack of skilled accounting personnel" for material weaknesses in financial-reporting
 - Said they couldn't file its 10-Q quarterly report on schedule, to assess the control deficiency (10-Q filed four days later)
- Nearly 600 U.S.-listed companies of a total 7,359 (~8%) reported material weaknesses related to accounting or IT personnel
 - 21% of those companies were non-US based
- Concerns on financial reporting, misstatements, reliability

"Some countries see encouraging signs in accounting pipeline", via *Accounting Today* 7/26/24

- Institute of Management Accountants (IMA) study noted global trend of accountants (esp. younger people) changing employers or leaving the profession altogether
- May 2024 report: roughly one-third left a company in last 24 months
- Sunil Deshmukh, Chair of global board of directors of IMA:
 - "I would say there was a decline to an extent up to three years back, but in the last two to three years, there has been huge demand for finance and accounting professionals, and the most sought-after qualification, after data sciences and artificial intelligence, is coming to the accounting and finance side."
 - Increases noted in India, China, Singapore

Macro Impacts – Economic & Operational

- Certified PUBLIC Accountants
 - Protection of the public interest is our charge
 - Concerns on financial reporting, misstatements, reliability
- Global Economic Impact is not an overstatement
- Even the Accounting Profession is in "discussions" on how to best resolve this challenge (multi-faceted)

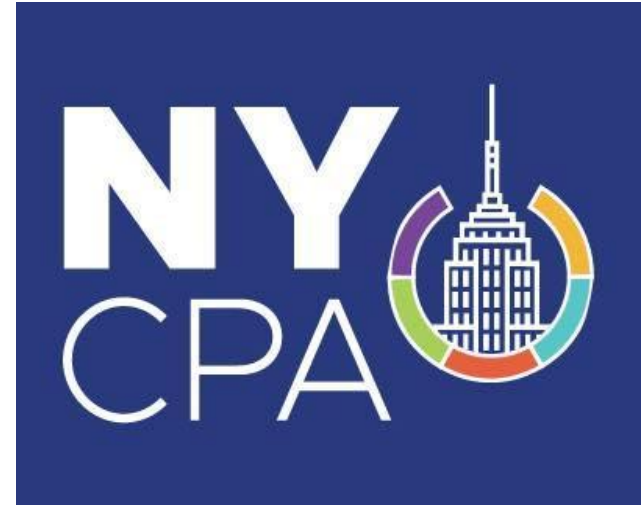
What's all this mean...

- Organizations must invest
- Recruitment & retention
- Adopt technologies to reduce strain on their teams and increase effectiveness and efficiency

Polling Question #2:

In your experience, which operational area has been most affected by the talent shortage?

-
- A) Timely completion of audits or financial reporting
 - B) Client communication and responsiveness
 - C) Internal team collaboration and workload distribution
 - D) Implementation of new systems or process improvements
 - E) Other factors...



Artificial Intelligence technologies in Accounting

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- Starting Salaries

- **Workplace culture**

- **Type and hours of work**

- Advancement opportunities and timing

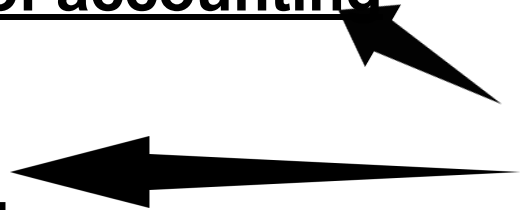
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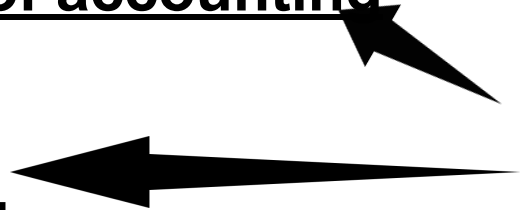
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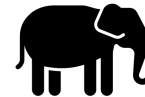
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Artificial Intelligence technologies

- Engage not only the younger generation entering the workforce but also experienced professionals who need tools to adapt to the evolving landscape
- Leveraging AI technologies and innovative strategies can help create a more dynamic, efficient, and attractive profession
- Not speaking on specific AI tech options (vs usage options)
- Concerns on AI "eliminating" accounting



Leveraging AI to Transform Workflows

- Automating Routine and Repetitive Tasks
 - Robotic Process Automation (RPA): data entry, invoice processing, reconciliations, and tax filings
 - Free up staff to focus on higher-value (and dollar) work
 - Bring more purpose and creativity to staff work

Leveraging AI to Transform Workflows

- Enhancing Accuracy and Reducing Errors
 - AI in Auditing and Compliance
 - Free up staff to focus on deeper analysis
 - Reducing errors and minimizing tedious tasks - boosts confidence and satisfaction in younger staff

Enhancing Learning and Development with AI

- AI-Powered Learning Platforms
 - Adaptive Learning
 - Microlearning and On-Demand Training
 - Enhance effectiveness and engagement for learning

Enhancing Learning and Development with AI

- AI Mentorship and Coaching Tools
 - Virtual Mentorship Programs
 - Gamification of Learning
 - Options in remote and hybrid environments

AI Role in Improving Work-Life Integration

- Flexible Work Environments
 - Scheduling and Workflow Management
 - Powered Collaboration Tools
 - Options in remote and hybrid environments

AI Role in Improving Work-Life Integration

- AI-Assisted Time Management
 - Smart Time Tracking
 - Monitor work patterns and suggest improvements
 - Done well = fewer late nights and less burnout

Opportunities for Data-Driven Decision Making

- AI and Predictive Analytics
 - Insights from Data
 - Real-Time Reporting
 - Proves younger accountants with tools to make impactful decisions quickly (and assist their organizations)

Opportunities for Data-Driven Decision Making

- AI as a Catalyst for Innovation
 - Encouraging Innovation
 - Promoting Entrepreneurial Thinking
 - Young (and not so young) accountants are more likely to stay with organizations that embrace innovation
 - Organizational efficiency and the bottom line

Building a Collaborative & Inclusive AI Environment

- Fostering a Culture of Collaboration
 - AI Tools for Team Collaboration (ex. proj mngt)
 - Encouraging Cross-Generational Collaboration
 - "It's not JUST about the technology..."

"It's not JUST about the technology..."

- Never forget CULTURE
 - AI cannot overcome a troubled culture
 - Engage all levels as you bring on technology

Polling Question #3:

Which area do you think AI and technology could have the biggest impact in attracting and retaining young accounting professionals?

- A) Leveraging AI to Transform Workflows
- B) Enhancing Learning and Development
- C) AI used to Improve Work-Life Balance
- D) AI in Data-Driven Decision Making
- E) Building a Collaborative and Inclusive Environment



What does ChatGPT say:

"As AI continues to reshape the accounting profession, organizations must stay ahead of the curve by embracing AI tools and creating a workplace culture that appeals to younger accountants. By automating routine tasks, enhancing learning opportunities, promoting work-life balance, and fostering innovation, firms can attract and retain top talent while staying competitive in an evolving marketplace.

Encouraging the adoption of AI in a thoughtful, collaborative manner will be key to addressing the pipeline challenge and ensuring the long-term sustainability of the accounting profession."

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THANKS!

Do you have any questions?

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