

# **The Trend for Specialized Work as a CPA**

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Specialized healthcare professionals and attorneys dedicate themselves to specific fields, enabling them to offer precise expertise and solutions. This trend has developed as a result of the technology, complexity of subject matter and complex solutions currently available. Similarly, CPAs need to become more specialized in areas like retirement planning, taxes, cybersecurity, business valuations, international accounting, nonprofits, or wealth management. The objective is to equip them with tailored expertise to provide focused financial guidance. This specialization significantly enhances the quality of service by ensuring a deep understanding of the intricacies within their respective fields.

Both professional specialists recognize the value of collaboration within a broader network. Specialized healthcare professionals work alongside various other healthcare professionals to offer comprehensive care, leveraging collective insights for a well-rounded treatment. Similarly, CPAs collaborate with experts like accountants, business valuers, tax specialists, and attorneys, recognizing that diverse financial needs necessitate a holistic approach. Additionally, attorneys recognize that collaboration allows them to tap into diverse expertise, gain insights from different perspectives, and access resources that enhance their understanding of complex legal issues. By uniting their knowledge, these specialists ensure that clients and patients receive comprehensive solutions that address a range of concerns.

CPAs have traditionally focused on financial reporting and auditing. However, as non-financial reporting requirements have gained prominence, CPAs must address numerous non-traditional accounting/financial requisites within and outside of the auditing processes. Since the turn of the century, the primary role of the CPA has expanded geometrically.

A few areas that require significant specialties for CPAs include:

- Sarbanes Oxley Act
- Technology
- Environmental, societal, and corporate governance (ESG)
- Cybersecurity and data privacy
- ASC 820

While CPAs can contribute to non-financial reporting, it's important to acknowledge that specialized expertise may be needed in certain areas, such as environmental, societal, and corporate governance (ESG) data collection, business valuations, M&A transactions, and estate planning. In such cases, collaboration with other professionals is virtually a prerequisite to address their clients' needs.

## Why Are Roles Changing?

The initial transformation was created by the Sarbanes-Oxley Act (the Public Company Accounting Reform and Investor Protection Act of 2002), a United States federal law enacted in response to corporate accounting scandals that shook investor confidence in the early 2000s. These scandals revealed widespread accounting fraud and deceptive practices, leading to the collapse of major corporations and significant losses for investors and employees. The act aimed to improve corporate governance, enhance financial disclosures, strengthen internal controls, and increase the accountability of corporate executives and auditors.

Some of the key provisions of the Sarbanes-Oxley Act include:

- **Public Company Accounting Oversight Board (PCAOB):** Created to oversee and regulate the auditing profession and to establish auditing and quality control standards.
- **Auditor Independence:** The act introduced provisions to strengthen the independence of external auditors, such as restricting certain non-audit services that auditors can provide to their clients.
- **Internal Controls:** Companies are required to establish and maintain effective internal control systems to ensure the reliability of financial reporting and to prevent fraud.
- **CEO and CFO Certification:** The act mandated that CEOs and CFOs of publicly traded companies personally certify the accuracy of financial statements and disclosures.
- **Whistleblower Protection:** The act provided protection for employees who report fraudulent activities within their companies.
- **Enhanced Financial Disclosures:** Companies are required to provide more detailed and timely financial disclosures to investors and to establish codes of ethics for senior financial officers.

Some may find it rather ironic that the creators of many of these financial scandals are the ones called upon to resolve the problems.

Ultimately, the complexity of financial reporting and addressing client needs has increased geometrically since 2000. As businesses operations and financing are in a much more complex environment, the scope of quantifying the risks and the environment have fallen to the CPAs. CPAs must stay updated on regulatory changes, maintain professional competence, adhere to ethical standards, implement robust risk management practices, and invest in appropriate technology and security measures.

CPAs play a crucial role in helping businesses achieve financial success by providing unbiased advice, customized financial planning, and strategic insights. By leveraging their expertise, businesses can make well-informed financial decisions that contribute to long-term growth, stability, and profitability. Additionally, by fostering long-term relationships, CPAs become trusted partners, offering ongoing support and guidance as the business evolves and faces new financial challenges.

CPAs adopt a holistic approach to financial planning, considering broader business goals, whereas traditional CPA firms tend to focus more narrowly on accounting and tax-related tasks. They also proactively engage with businesses, acting as ongoing financial partners, unlike the more reactive approach of CPA firms that often provide services upon request or during tax season. Fee structures differ as well, with CPAs typically charging fees based on hourly rates or a percentage of assets under management, while traditional CPA firms often charge for specific services rendered, such as tax preparation.

We cannot expect CPAs to be “everything to everyone.” In recent years, they have evolved into specialized experts, expanding their roles far beyond traditional financial reporting and auditing. Collaborating with diverse professionals, CPAs provide tailored, proactive financial guidance. They serve as holistic partners, understanding unique business challenges and offering precise solutions, contributing significantly to long-term growth and stability. In this era of specialization, CPAs stand as pillars of financial expertise, ensuring businesses navigate complexities with confidence.

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