



DRIVER OF CHANGE

The definition of an accountant has drastically changed, says Barry Melancon, Chief Executive Officer of the American Institute of CPAs (AICPA), a Global Accounting Alliance member body, and the Association of International Certified Professional Accountants, the combined body of the AICPA and the Chartered Institute of Management Accountants. He talks to **Nicky Burrridge** about the importance of reskilling and how he is driving the transformation of the profession in and outside of America

What would an audit look like if it was created for the first time today? This is one of the questions that occupies Barry Melancon, Chief Executive Officer of the American Institute of CPAs

(AICPA) and the Association of International Certified Professional Accountants, the combined body of the AICPA and the Chartered Institute of Management Accountants (CIMA).

He explains that the AICPA has set up a project called Dynamic Audit Solution, which focuses on reinventing audit based on new technologies, such as big data, artificial intelligence (AI) and data analytics. “We are looking at how we would create an audit today if it didn’t already exist. We are trying to reinvent our services based on today’s technological capabilities. We are trying to push the envelope,” he says.

The project is still at an early stage, but Melancon says it is clear that while future audits will retain a significant human component, the way information is understood, analysed and verified will be transformed by technological capabilities.

He points out that AI, rather than testing, will be used to identify areas that need further investigation in the future, and it is possible audits will be conducted predominantly remotely. As a result, the skills that audit professionals need will also evolve, with routine tasks automated, and CPAs instead having to become competent in areas such as data science, and data integration and analytics.

Dynamic Audit Solution is just one of a number of research and development activities undertaken by the AICPA to help safeguard the sustainability of the accounting profession. Melancon warns that accountants may not

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recognize their profession in five to 10 years’ time, with the pace of change accelerated by the COVID-19 pandemic.

“The profession today is nothing like it was when I entered it in 1980. Technology is a major driver of change today, but there have been other drivers, such as the changing expectations of clients, regulators and the public, and the recognition that different types of services are needed,” he says.

Transforming the profession

Melancon grew up in Louisiana in the United States, where he majored in accounting at university. He started work at a small CPA firm with fewer than 20 people, servicing small businesses, and became a partner at the age of 25. After three years, he left to become executive director of the Society of Louisiana CPAs. He was there for eight years before being appointed as CEO of the AICPA in 1995, a role he has held ever since, making him the longest serving CEO in the organization’s 129-year history.

AICPA is the largest member association representing CPAs in the world, with more than 431,000 members. Melancon sees his role as CEO as driving the transformation and success of the accounting profession for the long term.



“I have a passion for the profession and my role – historically in the U.S. and now on a global basis to reflect the global mobility of our members – is really to be that voice and change agent for the profession,” he says.

Within that broader goal, his main focus is looking at how change

impacts AICPA’s members and how the organization can help them deal with this change through providing them with the tools, services and resources they need. Melancon explains: “How we define a CPA and the skill set a CPA needs has changed dramatically. Technical

areas of accounting only make up 20 percent to 25 percent of the competency framework today and a whole host of other skills are also necessary. The speed of change has significantly accelerated,” he says. “If you are mid-career, there are lots of estimates that nearly 50 percent of the knowledge you have now will not be very valuable in the marketplace in the future. So, you are going to have to reskill yourself dramatically and that is a huge challenge.”

He points out that reskilling is easier for the younger generation because they are digital natives, and they are motivated by learning different things in a way that older people may not be. To help members reskill and keep pace with technological changes, the Association provides a range of resources. “We have technology packs that enable people to get baseline information – what I call ‘walking around knowledge’ of certain leading technologies. We also do Internet-based learning modules and certificates where people can do a deeper dive into areas such as AI or blockchain data analytics,” Melancon says.

He points out that blockchain, for example, has significant ramifications for accounting, tax, fraud detection systems, and the way accountants deal with the controls around data and financial information. It is therefore extremely important accountants understand it. “We try to look at not only the technology but also the implications. We have to pick and choose what we think has the greatest impact. There are always new things, and you try to balance them.”

Helping accountants keep pace with this change is one of the biggest challenges Melancon faces. He says that while it is a great privilege to represent professional accountants – who he describes as

being an incredible group of people who are highly competent and ethical, and who want to do things for the greater good – not everyone is open to change. “When you are a change agent, you don’t always have the support of everybody around you. You have to rise to the challenge to explain in simple terms why change is critical for the profession to be successful in the long run. You have to have a thick skin and have the confidence and temerity to be really committed to make things happen.” He admits that he also has to be willing to change himself, as he will not get everything right all the time.

A regulator and an advocate

Alongside supporting members, Melancon also has all the responsibilities that come with being the CEO of a global organization with employees all over the world, such as internal management oversight and board relations. Before COVID-19, he spent a lot of time travelling to give speeches, have meetings with government leaders and regulators, and interact with Association members and other organizations globally. He typically spent more than 200 days a year on the road, and he points out that even before the pandemic, much of his internal management was already done remotely and through virtual meetings.

AICPA plays a key role as both a regulator and an advocate for the profession, as well as being responsible for the organization’s Uniform CPA Examination. It is responsible for setting regulations for non-listed U.S. enterprises, which make up the majority of the U.S. economic system. “In that component in the U.S., we still set the regulations, the auditing standards, and the ethical standards. In the listed company

world, we have a very strong advocacy programme, and we work with regulators and government leaders,” Melancon says.

In 2001, AICPA launched *CPA.com*, which it uses to provide resources to CPA firms, particularly smaller ones, of which there are around 44,000 in the U.S. Members can access education, tools and resources, network with other members and learn about new technology solutions through the platform. “We also bring together annually the leaders of companies that are delivering technology to the world to dialogue about how we can work together to benefit the profession as a whole,” he says. “We partner where we can with companies that are providing leading edge technology to make those types of technologies more readily available, particularly to small and medium enterprises and practices.”

Overcoming challenges

Melancon says the COVID-19 pandemic has created a range of new challenges for accountants working in both the U.S. and globally. “There is going to be intense regulation in a post-COVID world after the governments of the world have spent immensely, and we have to adapt to new work models, such as hybrid models and virtual models,” he says. “There is also the notion of how you help businesses get to the next level to survive, and how you do it in a world that is changing so fast because of technology.”

Going forward, Melancon adds that accountants working in business will have an increasingly important role to play in helping companies navigate the complexity of the world in which they operate. “The complexity today is immense. Everybody is global: the speed is phenomenally fast, the technology



The Association of International Certified Professional Accountants is the combined body of the American Institute of CPAs and the Chartered Institute of Management Accountants. It represents 650,000 members and students in public and management accounting and advocates for the public interest and business sustainability on current and emerging issues.

changes and the interfaces of how businesses operate is much more complex. The need for the ability to sort out that complexity is way greater than it was previously.”

Another challenge is ensuring the profession remains attractive to university leavers in the post-pandemic world. “Every young person has a view of the world today and the challenges that are being faced. So, we have to be able to reinforce to young people what our purpose is and why we are so important. This will motivate them to see that becoming a professional accountant is not just about accounting, but about delivering on that purpose that elevates businesses, allows capital markets to work, allows balanced regulatory systems and taxing regimes to work, and that helps society as a whole. That is an important

challenge in the U.S. and around the world.”

Melancon is also focused on mental health, pointing out that the stress caused by the pandemic, with people working from home and juggling that with family responsibilities, has created issues in this area. “I speak about mental health all the time. It was not easy for me to do and I think it is not easy for people in our profession, who are very analytical and very ‘type A,’ high performing people, to come back to those type of things where people really struggle.”

He is a strong advocate of maintaining a good work-life balance and the importance of taking time out. As a result, despite his own busy schedule, Melancon ensures he has time to relax and unwind, which he does by boating, playing golf, and watching sport.

An international voice

During his time at the helm, Melancon has helped to transform the AICPA from having a national presence in the U.S. to a global one, in part through the creation of the Association, created with CIMA in 2017. The rationale behind creating the joint entity, he explains, was to be able to advocate for and lead the profession on a global basis, due to both the mobility of the profession and the multinational nature of the entities that accountants work for.

At the same time, he explains that with millions of accountants working in businesses, the role of the professional accountant in the corporate space needed to be truly professional on a global basis, and not limited by national regulatory environments. “Our notion was to elevate, ultimately globally, the quality and professionalism of the professional accountant in business, so that when a business hires someone, they know they are getting a certain level of quality and capability,” he says.

Melancon was also chairman of the board of the International Integrated Reporting Council, which merged with the Sustainability Accounting Standards Board (SASB) this month to become the Value Reporting Foundation. The merged organization plans to support businesses and investor decision-making with three main resources: integrated thinking principles, the integrated reporting framework, and SASB standards. Investors expect that the consolidation will result in more consistent sustainability standards.

As chairman of strategy of the new entity, Melancon is a strong advocate of rationalizing the standards used for environmental, social and governance (ESG) reporting, and ensuring professional accountants

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play a key role in the reporting of non-financial information. “I think the whole ESG space, which I would say involves integrated thinking and reporting, is ours to lose as a profession, and we have to seize it,” he says.

He explains that as the world starts to demand different information from businesses, of which financial information is only a part, the management accounting function should be the centre point. “The controls, consistency and honesty around it ought to be centralized in that space where the professional accountant sits.”

He adds that accountants will also need to provide assurance on

the information, as third parties will want to know it is reliable and consistent. “As chairman of strategy, I hope to help make these things happen,” he says.

Melancon also has a role with the International Federation of Accountants (IFAC), of which AICPA is the largest member body, and he is part of the AICPA’s delegation that provides input on regulatory changes and supports IFAC’s activities in helping to develop the profession.

In addition, he is a founding board member and current chairman of the Global Accounting Alliance (GAA), an international coalition of accounting

organizations, which includes the Hong Kong Institute of CPAs. The alliance meets on a regular basis to share information and discuss current issues and ways the individual institutes can work together. “We also interface with regulators and thought leaders around the world to ensure the professional voice is heard,” Melancon says. He adds that the GAA plays an important role in ensuring there is collaboration across the 10 largest accounting bodies. “This collaboration is critical in helping to keep the profession moving forward in dealing with key issues happening.”

