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# Fox Cities accounting firms cope with rule changes

By Arlen Boardman  
 For Fox Valley Inc.

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Congress's response to the spate of corporate scandals has generated more business for public accounting firms and greater student interest in college accounting studies, but the new law has its downsides, too.

CPA firms have been adding clients and employees as the Sarbanes-Oxley Act of 2002 began being implemented last year, especially because it forces separation of auditing and consulting and because Section 404 on internal controls is so demanding and complex.

Accounting partners bristle at not being able to consult with, and be involved with, firms whose books they check, but they are enjoying the growth in revenue created by the latest and most significant securities legislation since the 1930s.

William Goodman, president of Schenck Business Solutions in Appleton, said he departed KPMG, a Big Four accounting firm, after 22 years partly because of Sarbanes-Oxley. He has run Schenck, which does private firm tax and audit work, for a year and a half.

"I walked away partly because of Sarbanes," he said. "Auditors of public companies are (now) very much restricted in the types of services and their approaches to doing business with companies."

In the past, he said KPMG was able to handle dual auditing-advising roles, allowing him to better understand the company and its financial decisions.

Goodman said he's comfortable now with Schenck, which does some public company non-audit work created by the demand of the new law. He said a firm doing public company audits has to have a strong focus because of today's rules.

"Auditing public companies is a specialized industry in itself, in our minds," he said.

Goodman said he understands how Sarbanes-Oxley came into being and believes its goals honorable, but he considers it overkill in its treatment

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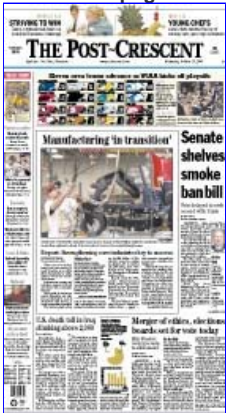
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of mid-market companies. The government could have achieved the benefits without going so far, he said.

Accountants and public companies find the internal control system documentation the most onerous, said Joseph Toonen, the Appleton managing partner in Grant Thornton, an international public accounting firm.

Toonen said his firm does work setting up documentation and testing internal control systems, and adjusting those that need it.

The internal control system is designed to control processes and protect against possible misdeeds by involving several employees in each process. Toonen said the process separates functions, too, so one person wouldn't be both cutting checks and handling accounts receivable.

He said there are two camps of opinion about Sarbanes-Oxley.

"One is this is a necessary evil and we just have to get it done, and the other is this structure is an improvement that can make things better and stronger."

Whatever the opinions, business is booming for Grant Thornton. They're hiring every day, Toonen said. "The accounting major is one of the hottest majors in the country," he said.

Ronald Pachura, director of business risk services for Clifton Gunderson, a mid-market public accounting firm, said Sarbanes-Oxley also triggered a similar requirement that complying businesses are now demanding of their outside accountants. Clients are often seeking to have their accountants meet a similar compliance requirement, he said.

However, he said, the real crush is for the very small corporations in America which must comply with Sarbanes-Oxley. The goal was to avoid round of corporate scandals, and the small firms got caught up in the attempted solution, he said.

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