

## Take This Job and ...File It

Burdened by Extra Work Created By the Sarbanes-Oxley Act, CPAs Leave the Big Four for a Better Life

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Fresh out of Georgetown University in 2001, accountant Monica Di Censo was assigned by PricewaterhouseCoopers LLP to advertising firm Interpublic Group of Cos., which was about to restate five years of financial results.

For weeks at a stretch, she worked seven days a week, often eating sushi at her cubicle as she headed into evenings of more number-crunching. Promoted quickly, she soon supervised three other young auditors.

Late last year, Ms. DiCenso quit the accounting firm, frustrated that her annual bonus in effect rewarded her overtime at a rate of less than half the minimum wage. She now is a Wall Street securities researcher.

She became a statistic that the Big Four accounting firms aren't happy about: another of the experienced young accountants who have fled the profession even as though they may never be more needed.

The workload of the big accounting firms has jumped in the past several years, as companies ramp up the scope of audit work to better ensure that accounting scandal stays far from their doorsteps.

The Big Four accounting firms also face extra work created by the 2002 Sarbanes-Oxley Securities-Overhaul Act, passed in the wake of the blow-ups at Enron Corp. and WorldCom (now MCI Inc.). At the same time, the pressure to get the job done right also comes from within: Faced with mounting litigation from the accounting debacles of earlier this decade, the Big Four can't afford many more mistakes.

Junior auditors, with three to five years' experience, long have done much of the grunt work in auditing publicly traded companies. They have always had the highest turnover at accounting firms - as many as one in four quits annually at PricewaterhouseCoopers, according to a recent study it commissioned. Overall, nearly one in five accountants at large CPA firms left in 2003, up from 17% in 2002, according to the American Institute of Certified Public Accountants. The AICPA expects that trend to continue this year.

To combat the problem, the Big Four are trying to move from a culture of overloading and underpaying youngsters to nurturing and better rewarding them.

They are hiring larger numbers of them, and offering bigger bonuses, more vacation, and special referral fees. Ernst & Young LLP has started a concierge service to make restaurant reservations and pick up dry

cleaning. Deloitte & Touche LLP holds "town hall meetings" to let junior employees vent gripes to senior partners. The big firms are more aggressive in dropping or turning down business to hold down the workload, and they are pulling older staff from other departments, like tax-services, to help out.

"The profession has recognized that we have a lot of stress in the system, and we're doing a lot of things to execute against that," says Bob Moritz, senior partner at PricewaterhouseCoopers.

"Does this model still work?" asks Jim Walsh, a human-resources managing director for the firm. "It's a good question" that is under review there.

PricewaterhouseCoopers is part of a "Talent Task Force," a 15-member panel of Big Four partners, professors, and regulators that has met about three times since last year to discuss junior-staffing shortages. "Public accounting firms have just been inundated with work, and one of their challenges is finding talent to do that," says Richard Dietrich, a task-force member and accounting Department chairman at Ohio State University in Columbus.

"Right now, there isn't enough staff at my level," says Michelle Walker, a first year auditor at Deloitte & Touche in Pittsburgh. She was one of 20 current or former Big Four junior auditors interviewed for this article who detailed the pressures that play into the turnover. "This year is going to be hell."

After leaving Georgetown in 2001, Ms. DiCenso was assigned by PricewaterhouseCoopers to a unit focused on technology, information communication, and entertainment companies. At Interpublic, she spent a lot of 80-hour workweeks focused on the company's financial restatement. Soon, Interpublic faced another restatement, when Interpublic says it "identified cash flows that had been misclassified" in financial filings that had to be in order before a planned December 2003 securities filing. Ms. DiCenso and her colleagues had just days to correct the filings.

Every few weeks, Ms. DiCenso and fellow junior auditors swapped war stories over beer at O'Lunney's, a pub in Times Square. Her manager, Sarah Petit, 27, sometimes broke away for drinks, and she and Ms. DiCenso talked about their frustration. Ms. Petit's overtime escalated from 100 hours in 1999 to 950 last year, she says, when she left after a desired promotion was delayed.

"The job kind of spiraled out of control," says Ms. Petit, now associate director of financial reporting for Warner Music Group and president of the New York Chapter of the American Women's Society of CPAs. "We lost a lot of managers and they're very hard to replace."

Aware of the dissatisfaction, PricewaterhouseCoopers last summer released a study, "The value of the PwC professional experience: What employees gain by staying longer at the Firm, and why they leave." Covering the years 1988 through 2003, it confirmed that turnover was highest with senior associates - one in four left annually. "There will be a learning curve for everyone, but they put too much responsibility on people who do not have much experience," one senior associate told the interviewers. One manager professed to being "nervous about the quality of the audits."

The study argued that young people who stayed the seven or so years it takes to become a senior manager typically earned 49% more, on average, in the long run than those leaving as senior associates. They also typically had greater job satisfaction later on, it said, and acquired quantitative and management know-how.

Still, Ms. DiCenso opted to quit when she received her bonus check in September - \$2,000. In her view, that translated into \$2.86 an hour in overtime pay. "I could have made more working at a fast-food restaurant," she says, although acknowledging the valuable skills she learned.

PricewaterhouseCoopers said it doesn't comment on salary matters. Mr. Walsh notes that compensation is based on many factors, including work quality and performance reviews.

Of the 35 junior auditors with whom Ms. DiCenso started in the TICE group in 2001, more than 20 were gone when she left. She now follows restaurants for Merrill Lynch & Co.

"I'm not knocking it as an educational experience," says Amanda Morgenstern, a former junior auditor for PricewaterhouseCoopers. "But five years of my life are just gone." She now is manager of financial reporting at Hearst-Argyle Television, Inc.

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