

December

2019

## SEVENTEEN YEAR REVIEW OF AUDIT FEE & NON-AUDIT FEE TRENDS

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## Database Overview

The following analysis uses two Audit Analytics databases: (1) Audit Fees and (2) Financial Restatements. The Audit Fee dataset contains all fee data disclosed by SEC registrants in electronic filings since January 1, 2001. The data has been extracted primarily from the following form types: *DEF 14A*, *DEF 14C*, *DEFM 14A*, *PRE 14A*, *10-K*, *10KSB*, *20-F*, *40-F* and *N-CSRs*. In cases where two disclosures filed by the same registrant within the same year provide inconsistent fee information (i.e., the *PRE 14A* discloses different figures than the *DEF 14A*), the *DEF 14A* is given precedence over other forms. Definitions of the Audit Fee categories contained in the database are provided at the end of this report. For further information regarding these categories, see *SEC Final Rule 33-8183* (corrected, with an effective date of March 31, 2003) and its predecessor rule, *SEC Final Rule 33-7919*.

## Research Population

This audit fee and non-audit fee analysis concentrates on those fees paid and disclosed by accelerated and large accelerated filers.<sup>1</sup> The initial population of 3,877 filers, which comprised all accelerated filers as identified on August 19, 2019, was reviewed to determine which companies disclosed audit fees for each and every year from 2002 to 2018, inclusive. This historical data requirement distilled the population to a total of 1,907 filers.

## PCAOB Oversight of Independent Auditors

The historical audit fee data provided in this report will display a four-year period from 2012 to 2016 of increasing fees. An insight into this trend is achieved when the regulatory oversight environment is explored. It appears that the increase in fees during this period was, in part, due to specific efforts made by the Public Company Accounting Oversight Board (PCAOB) as part of its obligation to provide oversight of the public audit industry. After the Enron and Worldcom collapse, Congress passed the Sarbanes-Oxley Act of 2002 (SOX) to “protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes.” Section 404 of SOX (SOX 404) furthers this goal by instructing the SEC to prescribe rules imposing a duty on officers and management to implement, review, and certify the effectiveness of a company’s internal controls over financial reporting (ICFR). In addition, if the company is an accelerated or large accelerated filer, the registered public accountant is required to attest to and report on the management’s assessment. In short, SOX 404(a) requires management to assess a company’s ICFR while SOX 404(b) requires a registered public accountant to attest to the management’s assessment. As noted in the paragraph above, the research population of this analysis concentrates on accelerated and large accelerated filers and therefore the company’s auditor performed an active role in the SOX 404 process.

SOX 404 first applied to United States accelerated filers in their annual reports for the fiscal year ending on or after November 15, 2004. By mid-July 2007, SOX 404 also applied to all foreign accelerated filers. Soon thereafter, in order to provide guidance for an independent auditor's review of a company's ICFR, the PCAOB issued Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements* (AS 5). This new standard applied to audits for fiscal years ending on or after November 15, 2007. During 2008 and 2009, PCAOB inspections evaluated, among other things, the auditor's implementation of the new standards. The following year, the PCAOB shifted the focus of its review to determine if the audit process obtained adequate evidence to substantiate the auditor's attestation of the management's assessment regarding the effectiveness of ICFR.<sup>2</sup> After discovering a number of deficiencies during the 2010 and 2011 inspections, the PCAOB published a report in December of 2012 titled *Observations from 2010 Inspections of Domestic Annually Inspected Firms Regarding Deficiencies in Audits of Internal Control over Financial Reporting*. Due, in part, to the activities of the PCAOB, the percentage of auditor attestations that disclosed ineffective ICFR increased from 4.2% for fiscal year 2012 to a local maximum of 6.7% for 2016. In 2017, the percentage of ineffective ICFR decreased.<sup>3</sup> As this report will show, the audit fees decreased in kind.

A focus on the quality of ICFR is not limited to the PCAOB. The SEC recently demonstrated that it will not tolerate companies that are unable or unwilling to correct ineffective ICFR. On January 29, 2019, the SEC issued a press release announcing an investigation conducted by the SEC's Division of Enforcement's Financial Reporting and Audit Group ("FRAud Group")<sup>4</sup>. This investigation resulted in fines imposed on four companies with longstanding ICFR failures. The duration of the ongoing failures lasted between seven to ten consecutive years and resulted in civil penalties between \$35,000 and \$200,000. Three out of four of the companies fined by the SEC are presently accelerated or large accelerated filers.

## Executive Summary - Audit Fee & Non-Audit Fee Trends from 2002 to 2018

A review of non-audit fees as compared to audit fees is of interest, as the SEC considers high non-audit fees to be an auditor independence concern.<sup>5</sup> If an auditor earns a large amount of fees performing non-audit fee assignments, this dynamic may, over time, subconsciously undermine an auditor's professional skepticism while performing the independent audit. To address this concern, the SEC created audit fee categories that registrants are required to disclose. The primary breakdown of these categories creates four groups:

Audit Fees

Audit Related Fees

Tax Fees

All Other Fees

At times, analysts prefer to view audit fees in isolation while others prefer to see the summation of audit fees and audit related fees. For this reason, both approaches are given in this analysis.

**1. In 2018, non-audit fees (including audit related) totaled 19.9% of the total fees paid by accelerated filers, the second lowest amount of non-audit fees during the seventeen years under review.**

As shown in *Figure 1* on the right, in 2002, non-audit fees (including audit related) represented 51.1% of the total fees paid to independent auditors by the 1,907 accelerated filers that comprise the research population of this analysis. The amount of non-audit fees dramatically declined the following three years,

totaling 21.7% of total fees in 2005. For the next eleven years, from 2006 to 2016, this percentage leveled off to values between 20% and 22%. In 2017, the percentage dropped below 20% for the first time with a value of 19.7%. It also stayed below 20% in 2018 with a value of 19.9%, the second lowest amount of non-audit fees (including audit related) as a percentage of total fees during the seventeen years under review. (Also see table on page 12.)

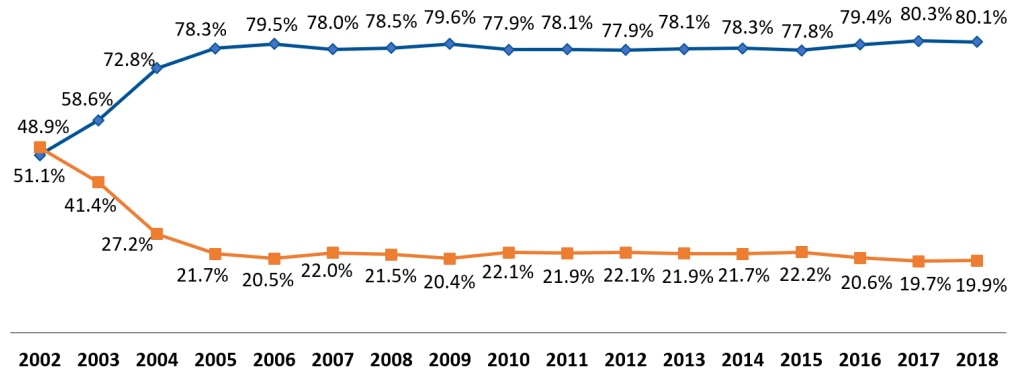
**2. In 2018, non-audit fees (excluding audit related) represented 9.8% of the total fees paid by accelerated filers, the second consecutive year that this percentage was below 10%.**

*Figure 2* shows the percentages of audit fees and non-audit fees when audit related fees are not included with the audit fees. In 2002, non-audit fees (excluding audit related) represented 38% of the total fees paid to independent auditors. (Also see table on page 13.) Similar to *Figure 1*,

non-audit fees declined as a percentage of total fees over the next three years, totaling 12.1% in 2005, a percentage which remained relatively steady for the following eleven years. In 2017, however, non-audit fees (excluding audit related) amounted to 9.8% of the total fees, marking the first time this amount fell below 10%. This value was repeated in 2018. A comparison of *Figures 1 and 2* shows that the removal of audit related fees from the non-audit fees cuts the percentages roughly in half. This change shows that the audit related fees are reasonably equivalent to the aggregate of “Tax Fees” and “All Other Fees.”

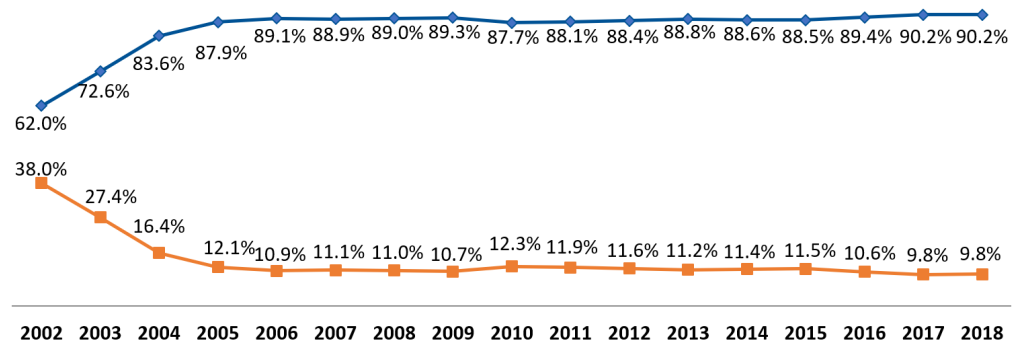
*Figure 1.*

**Audit Fees & Non-Audit Fees (including Audit Related) as a Percentage of Total Fees**



*Figure 2.*

**Audit Fees & Non-Audit Fees (excluding Audit Related) as a Percentage of Total Fees**



## 3. The amount of non-audit fees (excluding audit related) paid by accelerated filers during the last decade maintained a range of \$62-\$76 per \$1 million in revenue.

To adjust for inflation and corporate growth from year-to-year, Audit Analytics calculated the amount of fees paid in relation to revenue by totaling the non-audit fees and dividing that amount by the total revenue of the same registrants. The results, displaying the average amount of non-audit fees paid per \$1 million in revenue, are shown in *Figures 3 and 4* below. In 2002, the value (including audit related) was \$376 per \$1 million in revenue. (See *Figure 3* and table on page 14.) If audit related fees are excluded, this value drops to \$280 (See *Figure 4* and table on page 15.) These amounts declined four consecutive years to an amount of \$139 and \$74 in 2006.<sup>6</sup> During the thirteen years from 2006 to 2018, when audit related fees were included in non-audit fees, the cost of such fees ranged from \$125 to \$147 per \$1 million in revenue. When audit related fees were excluded, the range was \$62 to \$76.

Figure 3.

### Non-Audit Fees (including Audit Related) per \$1 Million in Revenue

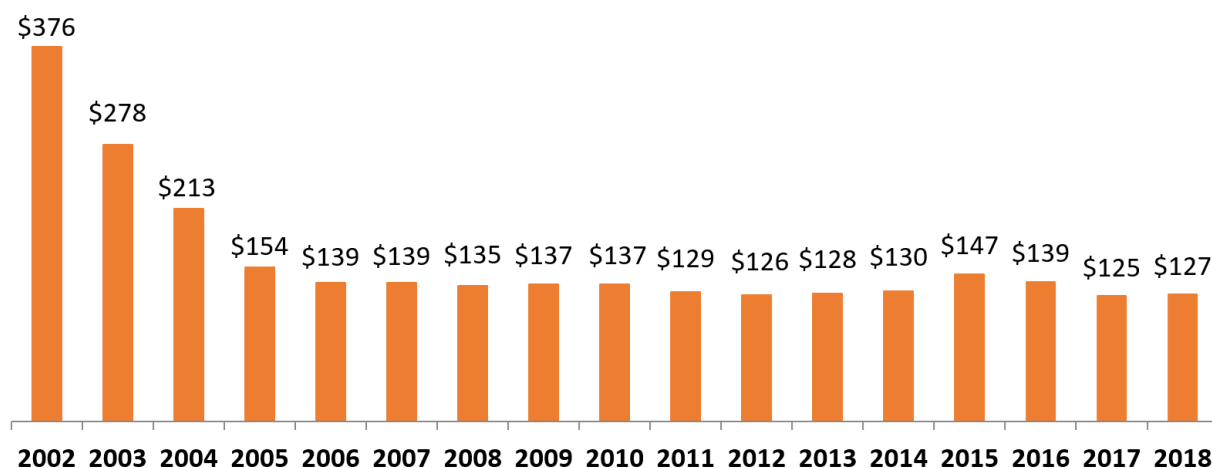


Figure 4.

### Non-Audit Fees (excluding Audit Related) per \$1 Million in Revenue

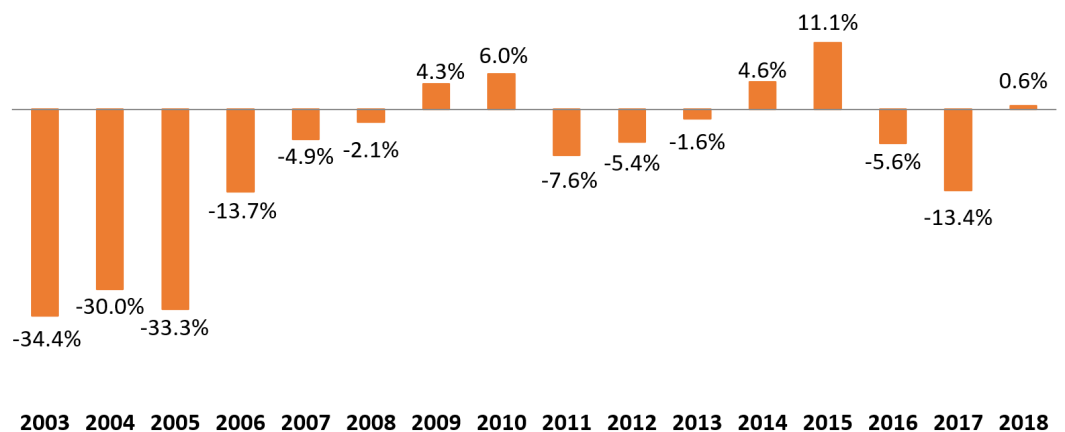


Figure 5 provides the percentage of change from year to year using the values displayed in Figure 4. Although not as dramatic as the cuts of 30% or more experienced in 2003-2005, a notable decline of 13.7% occurred in 2006. 2007 and 2008 also experienced decreases, but 2009 and 2010 followed with increases of 4.3% and 6.0%, respectively. These increases, however, were due, in large part, to a decrease in revenue, not an increase in fees. A review of the total non-audit fees (excluding audit related) showed a drop from \$938 million in 2008 to \$871 million in 2009, a 7.1% reduction. At the same time, however, the revenue decreased by 10.9%. (See Figure 5 and table on page 15.) Revenues rebounded in 2010 but did not pass the

amounts earned in 2008 until 2011. Similarly, 2015 experienced a 7.4% reduction in revenue. The major fee reduction of 13.4% shown in Figure 5 for 2017 is the result of a 5% decrease in non-audit fees coupled with an increase in revenue. The value of 0.6% in 2018 shows that non-audit fees and revenue grew at about the same rate.

Figure 5.

## Change in Percentage of Non-Audit Fees (excluding Audit Related) over Revenue

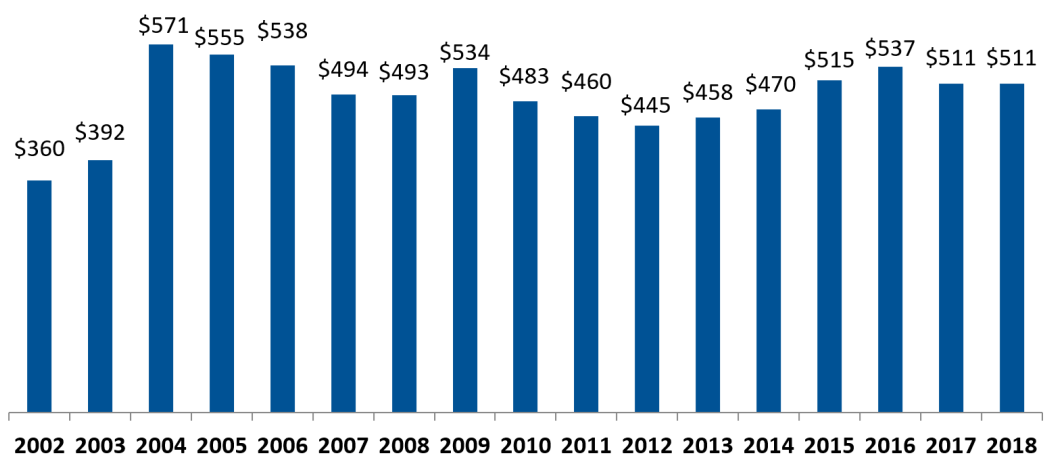


## 4. After the drop in 2017, the audit fees paid per \$1 million in revenue stayed virtually unchanged in 2018.

To present the audit fees in the same manner as the non-audit fees, the total amount of audit fees was divided by the total revenue of the same registrants. The results of this analysis, showing the average amount of audit fees paid per \$1 million in revenue, are shown in Figure 6. If audit related fees are excluded, the

Figure 6.

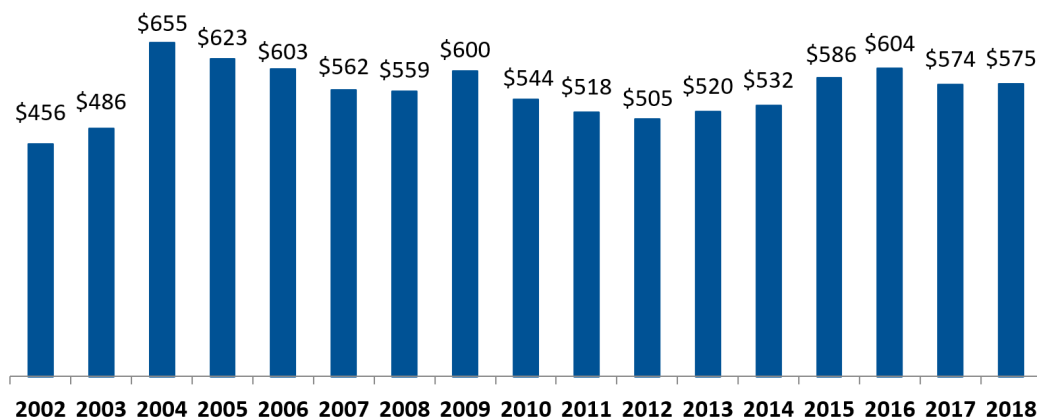
## Audit Fees (excluding Audit Related) per \$1 Million in Revenue



average amount of audit fees paid per \$1 million of revenue increased from \$392 in 2003 to \$571 in 2004. (See Figure 6 and table on page 16.) If the analysis includes audit related fees, the increase goes from \$486 to \$655. (See Figure 7 on the following page and table on page 17.)

Figure 7.

## Audit Fees (including Audit Related) per \$1 Million in Revenue

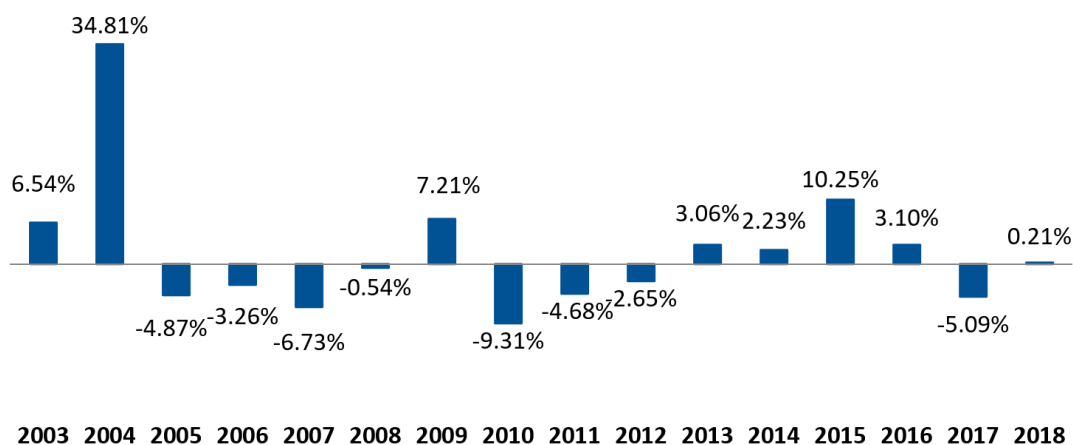


The 2004 increase was due, in large part, to the requirements of SOX 404, which requires management to evaluate the effectiveness of the company's ICFR for fiscal years ending on or after November 15, 2004.<sup>7</sup> In addition, as noted in the beginning of this report, SOX 404 requires the auditor to attest to and report on the management's assessment. Although the number of registrants that fell under the purview of SOX 404 increased over the years, audit fees trended downward following the initial increase in 2004. Also worth noting, fees dropped during a period when audit firms lost the supplemental fees earned from non-audit services.<sup>8</sup> However, the total amount of audit fees rebounded from 2012 to 2016, when it reached a local maximum of \$604 in fees (including audit related) per \$1 million. The following two years experienced lower values of \$574 in 2017 and \$575 in 2018.

To put that cost in perspective, \$575 per every \$1 million in revenue is the same as paying approximately 5.8 cents for every \$100 (or less than one tenth of a penny for every dollar). From a percentage perspective, this population used 0.0575% of its revenue to pay for audit fees (including audit related).

Figure 8.

## Audit Fees (including Audit Related) per \$1 Million in Revenue



## Fees paid by companies that disclosed a restatement during 2014

In addition to a historical analysis of the entire research population of 1,907 accelerated filers, Audit Analytics performed further analysis of the subset population of companies that disclosed a restatement during calendar year 2014. By selecting 2014, the fees can be observed before and after the event. This subset population comprises 159 companies. The first portion of this analysis includes both types of restatements: reissuance restatements (those that required an 8-K disclosure because past financials could no longer be relied upon) and revision restatements (those that make immaterial financial adjustments). The second portion focuses only on the 18 companies that disclosed a reissuance restatement (a material adjustment). Therefore, 141 companies in the initial subset population disclosed only minor, non-material financial adjustments.

### 5. Companies that disclosed a restatement during 2014 experienced an increase in non-audit fees (including audit related) the year of the restatement disclosure.

The history of non-audit fees (including audit related) of the entire research population is shown in *Figure 3* on page 4 which is reflected in *Figure 9* as a green line. The bars in *Figure 9* show the historical non-audit fees (including audit related) for the subset of 159 companies that disclosed a restatement during calendar year 2014. (See also, table on page 18.) The bars show a conspicuous bump at the year of the restatement disclosure that produced a spread of 98 (229 *versus* green line value of 130). During the four years prior, the spread between the two populations was in the 50s. In contrast, the spread for the four years after are as follows: 90 in 2015, 72 in 2016, 80 in 2017 and 60 in 2018. Therefore, the spread did not return to a value comparable to the years prior to the restatement until 2018. In other words, the population that disclosed a restatement experienced four years of increased non-audit fees. A spread of 98 (the year of the restatement disclosure) represents 76% more fees (229 *versus* 130) while the 60-spread represented 47% more (187 *versus* 127).

Figure 9.

#### Non- Audit Fees (including Audit Related) per \$1 Million in Revenue for Companies that Disclosed a Restatement during 2014

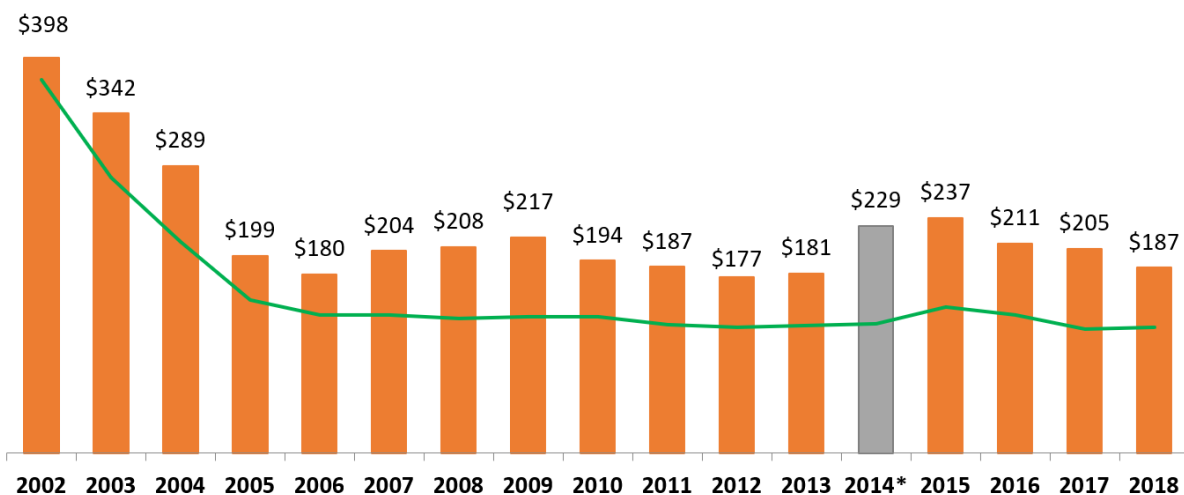
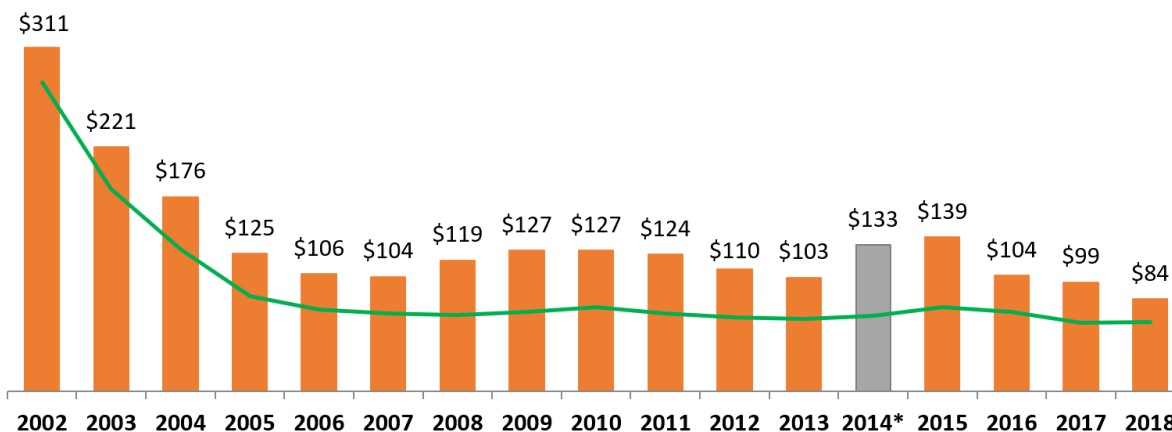


Figure 10 provides the same analysis when the total non-audit fees exclude the audit related fees. (See also, table on page 19.) This next graph looks similar, but the increase in the spread only occurs in the year of the restatement disclosure and the year after. It is the audit related fees that make the spread in Figure 9 persist two years longer.

Figure 10.

## Non- Audit Fees (excluding Audit Related) per \$1 Million in Revenue for Companies that Disclosed a Restatement during 2014

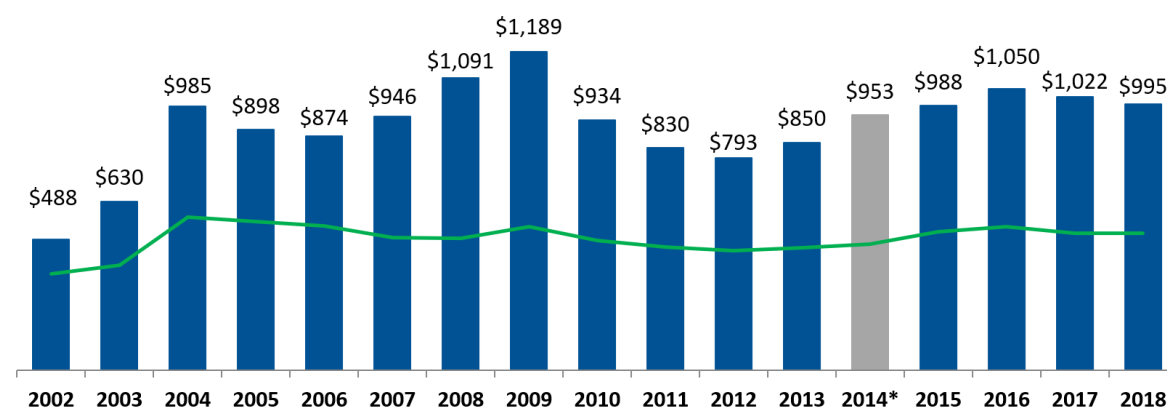


## 6. Companies that disclosed a restatement during 2014 display a history of higher audit fees coupled with an increase the year that the restatement is disclosed.

The history of audit fees for the entire population (as shown in Figures 6 and 7) is represented by the green line in Figures 11 and 12, while the bars display data on the 159 companies that disclosed a restatement during 2014. (See also, table on page 20.) As depicted in both graphs, accelerated filers that disclose restatements tend to continuously pay a higher ratio of audit fees per revenue than companies that do not make financial adjustments. This may simply be because companies that have more complicated financial systems are more difficult to audit and experience ongoing non-material financial adjustments as circumstances evolve. During the four years prior to the restatement disclosure, these companies paid about 80% to 90%

Figure 11.

## Audit Fees (excluding Audit Related) per \$1 Million in Revenue for Companies that Disclosed a Restatement during 2014

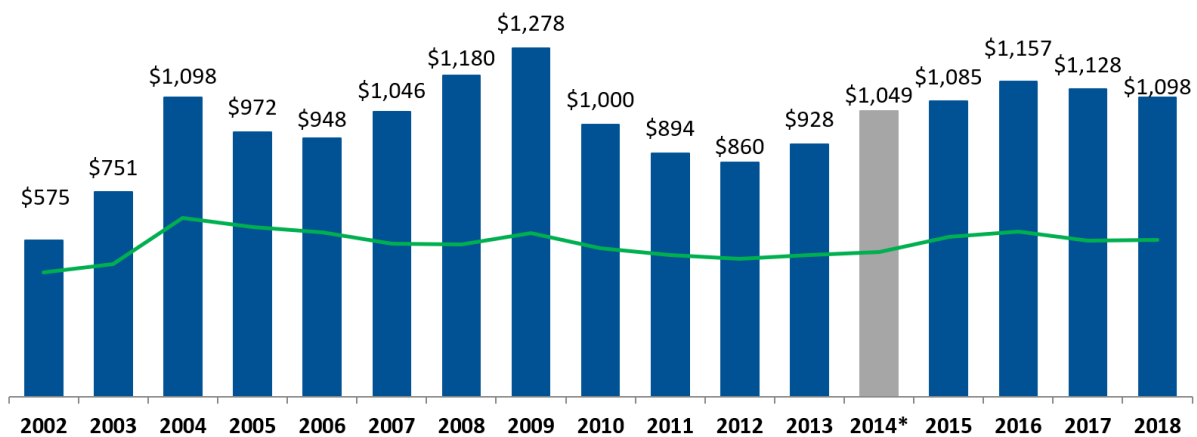


more fees, as a ratio of their revenue, than their counterparts. Notwithstanding the pre-existing elevated audit fees, an additional increase occurred during the year of the restatement disclosure. During 2013, the subset population was paying an audit fee ratio about 86% higher than the entire population of accelerated filers. In 2014, the ratio jumped to a value that was 103% higher. Similar to the non-audit fees, this effect appears to have persisted another three years.

Figure 12, which shows audit fees including audit related, displays a historic curve that displays a more prominent effect than Figure 11. (See also, table on page 21.) The year before the restatement disclosure, the subset population paid an audit fee ratio about 78% higher. This ratio of audit fees (including audit related) jumped to 97% higher than experienced by the total population of accelerated filers.

Figure 12.

**Audit Fees (including Audit Related) per \$1 Million in Revenue  
for Companies that Disclosed a Restatement during 2014**



## 7. Companies that disclosed a reissuance restatement during 2014 experienced an increase in non-audit fees (including audit related) the year of the restatement disclosure, which persisted for three more years.

In response to Section 409 of the Sarbanes-Oxley Act of 2002, entitled “Real Time Issuer Disclosures,” the SEC identified new reportable items that must be disclosed in an 8-K. This new set of disclosure requirements became effective on August 23, 2004. One of the new reportable events is the conclusion that a past financial statement should no longer be relied upon. Such an event is to be disclosed in an 8-K under Item 4.02, titled *Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review*. In this report, a reissuance restatement is defined as any restatement revealed in Item 4.02 of an 8-K and thus, a restatement that undermined reliance on past financials. Therefore, reissuance restatements require the reissuance of corrected historical financial statements. The graphs in this section focus on the 18 companies who disclosed a reissuance restatement in 2014.

As Figure 13 on the following page indicates, a company that discloses a reissuance restatement experiences additional non-audit fees (including audit related) during the year of the disclosure and three years thereafter.

(See also, table on page 22.) Moreover, the spread in non-audit fees compared to the entire population of accelerated filers increased year-to-year until peaking three years after the disclosure, when the 18 companies analyzed paid over double the non-audit fees (129% more).

Figure 13.

**Non- Audit Fees (including Audit Related) per \$1 Million in Revenue for Companies that Disclosed a Reissuance Restatement during 2014**

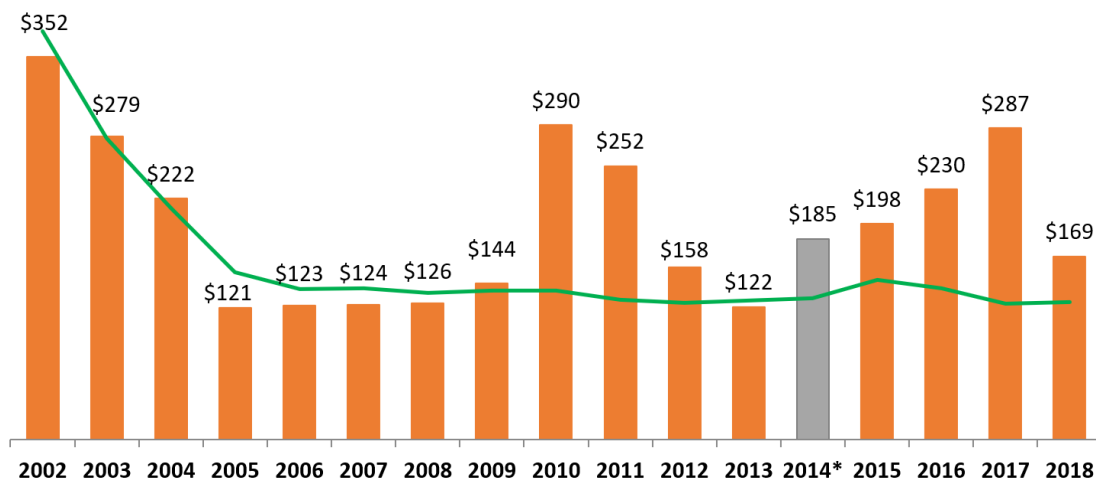
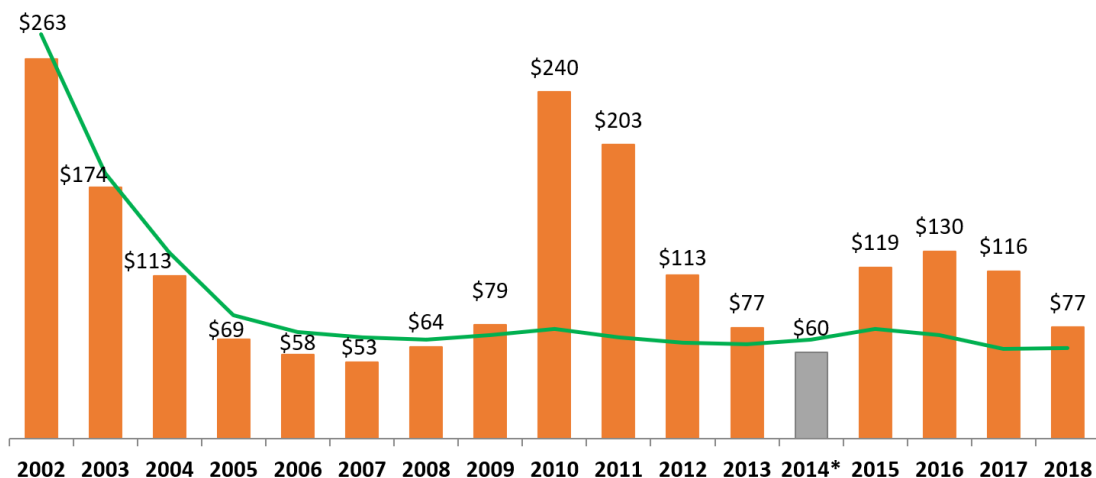


Figure 14 shows that the increase of non-audit fees (excluding audit related) occurs the year after the disclosure with a peak the following year. (See also, table on page 23.) Therefore, it is the audit related fees that creates the increase during the disclosure year and extends the duration of higher fees. Also shown on both graphs is a spike in 2010 and 2011, which was caused by high tax related fees attributable to Kraft Foods' acquisition of Cadbury.<sup>9</sup>

Figure 14.

**Non- Audit Fees (excluding Audit Related) per \$1 Million in Revenue for Companies that Disclosed a Reissuance Restatement during 2014**

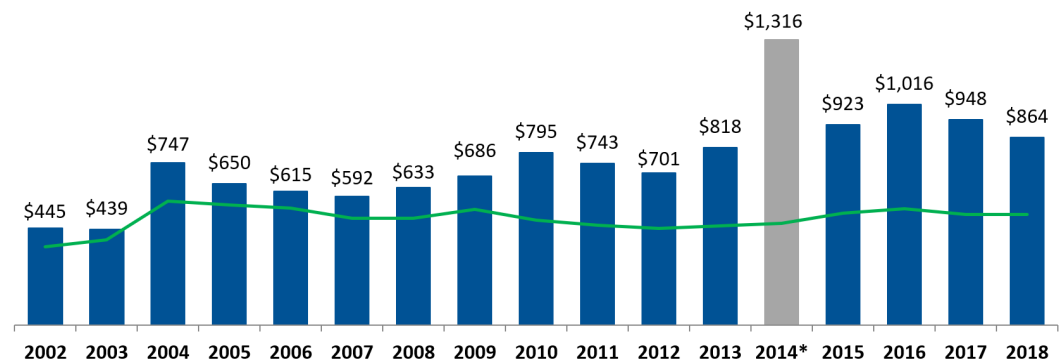


## 8. Companies that disclosed a reissuance restatement during 2014 experienced a prominent one-year spike in audit fees during the year of disclosure.

Companies that disclose a reissuance restatement are required to reissue past financial statements. As a result, it is expected that an increase in audit fees would coincide with the disclosure of such a restatement. As shown in *Figure 15*, such an increase is prominent. During the three years from 2010 to 2012, the 18 companies that disclosed a reissuance restatement in 2014 were paying about 60% more audit fees (excluding audit related). This difference increased to 78.7% in 2013 and spiked to 180% in 2014 (1,316 versus 470). The following three years experienced much less of a spread, but nevertheless displayed a residual increase in fees: 79% more in 2015, 89.2% in 2016, and 85.6% in 2017. Even 2018, with a spread of 69.1%, did not return to the spreads noted from 2010 to 2012. (See also, table on page 24)

Figure 15.

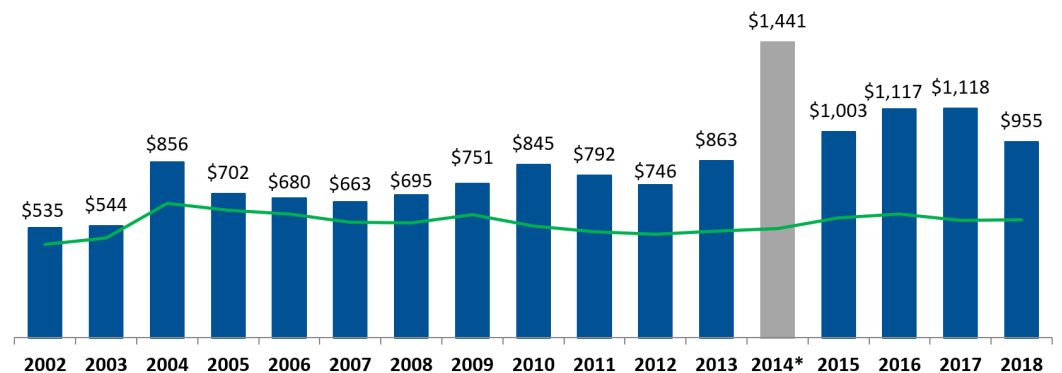
**Audit Fees (excluding Audit Related) per \$1 Million in Revenue for Companies that Disclosed a Reissuance Restatement during 2014**



*Figure 16*, which shows audit fees including audit related, displays the same prior year increase with a disclosure-year spike and four-year residual fee increases. The notable difference occurs in 2017 and 2018 where the audit related fees create a higher third-year and fourth-year residual increase than shown in *Figure 15*. During 2010 to 2012, the population

Figure 16.

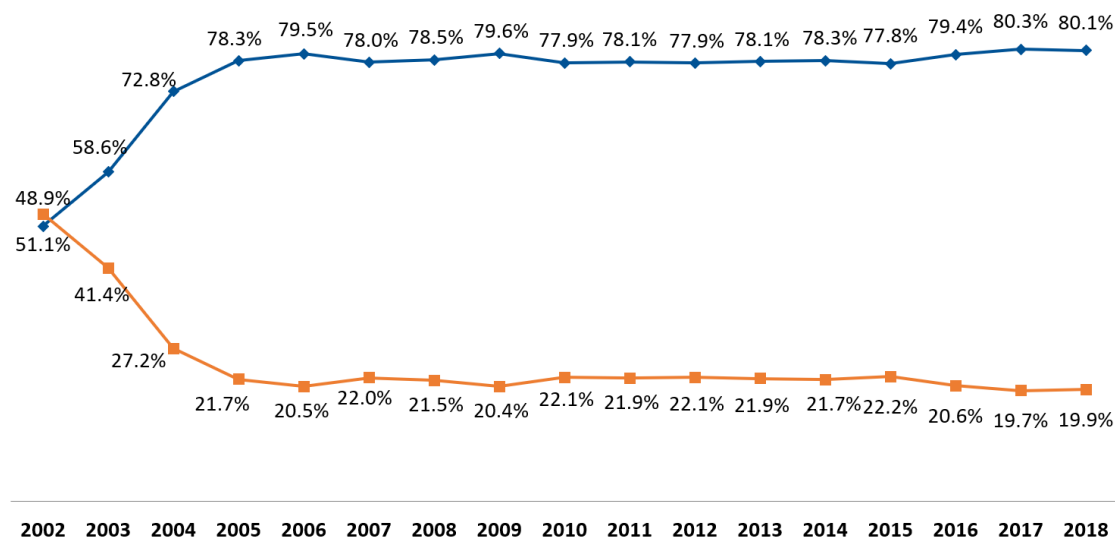
**Audit Fees (including Audit Related) per \$1 Million in Revenue for Companies that Disclosed a Reissuance Restatement during 2014**



was paying about 48 to 55% more than the large population of accelerated filers. The year before the disclosure, the reissuing population paid 65.9% (863 versus 520). This spread shot up to 171% (1,441 versus 532) more the year of the disclosure. The three years after the disclosure experienced the following percentage increases in fees: 71% more in 2015, 84.7% in 2016, and 95% in 2017. During 2018, the population paid 66.2% more in fees, which is a notable decrease, however still higher than the 55.3% paid in 2010. (See also, table on page 25)

## Audit Fees (including Audit Related) & Non-Audit Fees (1,907 Accelerated Filers)

**Audit Fees & Non-Audit Fees (including Audit Related) as a Percentage of Total Fees**



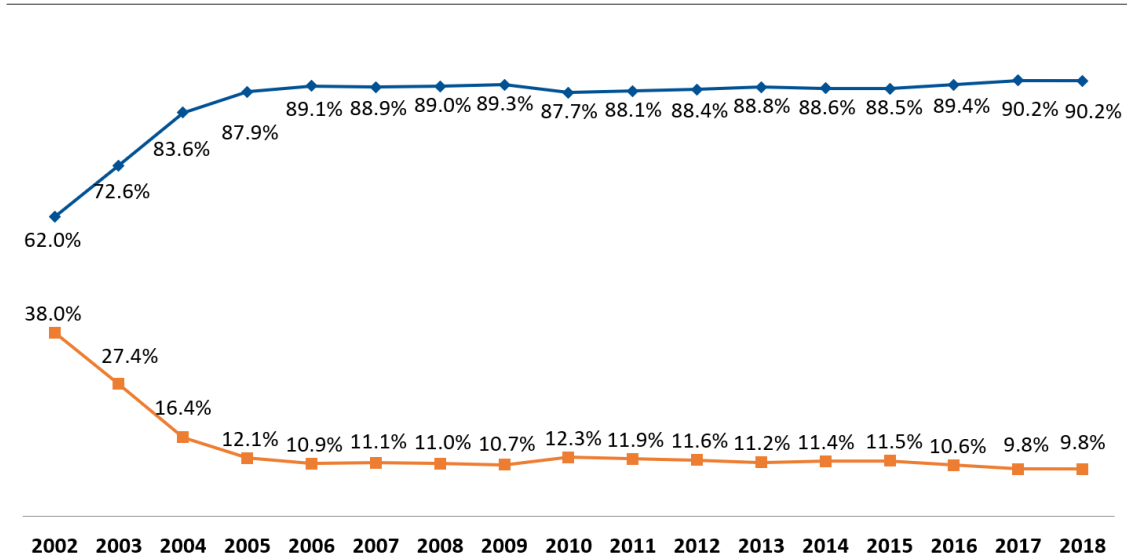
**Audit Fees & Non-Audit Fees (including Audit Related)**

Calendar Year	Total Fees (in millions USD)	Total Revenue (in millions USD)	Total Fees as a % of Revenue	Audit Fees		Non-Audit Fees	
				Amount (in millions USD)	% of Total	Amount (in millions USD)	% of Total
2002	5,381	7,310,367	0.07%	2,632	48.92%	2,748	51.08%
2003	5,479	8,182,515	0.07%	3,208	58.55%	2,271	41.45%
2004	7,311	9,328,284	0.08%	5,324	72.83%	1,987	27.17%
2005	7,452	10,510,290	0.07%	5,834	78.29%	1,618	21.71%
2006	8,006	11,827,140	0.07%	6,368	79.53%	1,639	20.47%
2007	8,348	13,192,487	0.06%	6,514	78.03%	1,834	21.97%
2008	8,558	13,622,493	0.06%	6,716	78.47%	1,842	21.53%
2009	8,149	12,134,119	0.07%	6,484	79.57%	1,665	20.43%
2010	8,174	13,184,480	0.06%	6,370	77.93%	1,804	22.07%
2011	8,474	14,393,380	0.06%	6,617	78.08%	1,857	21.92%
2012	8,704	15,237,920	0.06%	6,781	77.91%	1,923	22.09%
2013	8,953	15,288,035	0.06%	6,997	78.15%	1,956	21.85%
2014	9,271	15,444,868	0.06%	7,261	78.32%	2,010	21.68%
2015	9,475	14,303,724	0.07%	7,372	77.81%	2,103	22.19%
2016	9,640	14,253,699	0.07%	7,654	79.39%	1,986	20.61%
2017	9,948	15,644,647	0.06%	7,990	80.32%	1,958	19.68%
2018	10,344	16,226,913	0.06%	8,288	80.12%	2,057	19.88%

(See Notes: 1, 2, and 3 on page 26).

## Audit Fees (excluding Audit Related) & Non-Audit Fees (1,907 Accelerated Filers)

**Audit Fees & Non-Audit Fees (excluding Audit Related) as a Percentage of Total Fees**



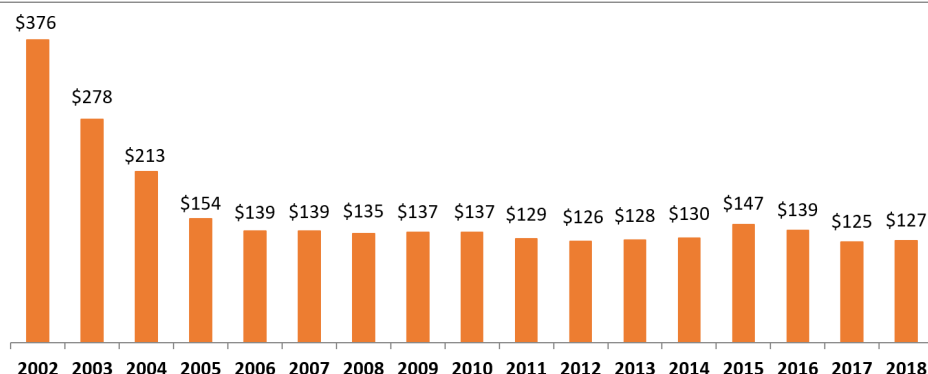
**Audit Fees & Non-Audit Fees (excluding Audit Related)**

Calendar Year	Total Fees (in millions USD)	Total Revenue (in millions USD)	Total Fees as a % of Revenue	Audit Fees		Non-Audit Fees	
				Amount (in millions USD)	% of Total	Amount (in millions USD)	% of Total
2002	5,381	7,310,367	0.07%	3,335	61.98%	2,046	38.02%
2003	5,479	8,182,515	0.07%	3,977	72.60%	1,501	27.40%
2004	7,311	9,328,284	0.08%	6,112	83.60%	1,199	16.40%
2005	7,452	10,510,290	0.07%	6,551	87.92%	900	12.08%
2006	8,006	11,827,140	0.07%	7,132	89.07%	875	10.93%
2007	8,348	13,192,487	0.06%	7,420	88.89%	928	11.11%
2008	8,558	13,622,493	0.06%	7,621	89.05%	938	10.95%
2009	8,149	12,134,119	0.07%	7,278	89.31%	871	10.69%
2010	8,174	13,184,480	0.06%	7,171	87.73%	1,003	12.27%
2011	8,474	14,393,380	0.06%	7,462	88.06%	1,012	11.94%
2012	8,704	15,237,920	0.06%	7,691	88.36%	1,013	11.64%
2013	8,953	15,288,035	0.06%	7,952	88.82%	1,001	11.18%
2014	9,271	15,444,868	0.06%	8,213	88.59%	1,058	11.41%
2015	9,475	14,303,724	0.07%	8,386	88.51%	1,089	11.49%
2016	9,640	14,253,699	0.07%	8,616	89.37%	1,024	10.63%
2017	9,948	15,644,647	0.06%	8,975	90.22%	973	9.78%
2018	10,344	16,226,913	0.06%	9,329	90.18%	1,016	9.82%

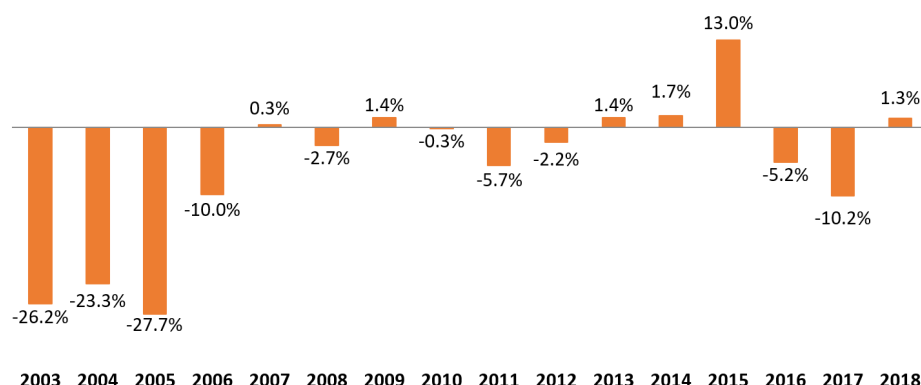
(See Notes: 1, 2, and 3 on page 26).

## Non-Audit Fees (including Audit Related) (1,907 Accelerated Filers)

Non- Audit Fees (including Audit Related) per \$1 Million in Revenue



Change in Percentage of Non-Audit Fees (including Audit Related) over Revenue



Change in Percentage of Non-Audit Fees (including Audit Related) over Revenue

Calendar Year	Non-Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Non- Audit Fees Per \$1 Million In Revenue	% Change of Ratio from Previous Year
2002	2,748		7,310,367		376	
2003	2,271	-17.38%	8,182,515	11.93%	278	-26.18%
2004	1,987	-12.51%	9,328,284	14.00%	213	-23.26%
2005	1,618	-18.56%	10,510,290	12.67%	154	-27.72%
2006	1,639	1.28%	11,827,140	12.53%	139	-10.00%
2007	1,834	11.91%	13,192,487	11.54%	139	0.33%
2008	1,842	0.47%	13,622,493	3.26%	135	-2.70%
2009	1,665	-9.63%	12,134,119	-10.93%	137	1.45%
2010	1,804	8.37%	13,184,480	8.66%	137	-0.26%
2011	1,857	2.93%	14,393,380	9.17%	129	-5.72%
2012	1,923	3.54%	15,237,920	5.87%	126	-2.20%
2013	1,956	1.74%	15,288,035	0.33%	128	1.40%
2014	2,010	2.75%	15,444,868	1.03%	130	1.70%
2015	2,103	4.62%	14,303,724	-7.39%	147	12.96%
2016	1,986	-5.54%	14,253,699	-0.35%	139	-5.21%
2017	1,958	-1.43%	15,644,647	9.37%	125	-10.19%
2018	2,057	5.04%	16,226,913	13.84%	127	1.27%

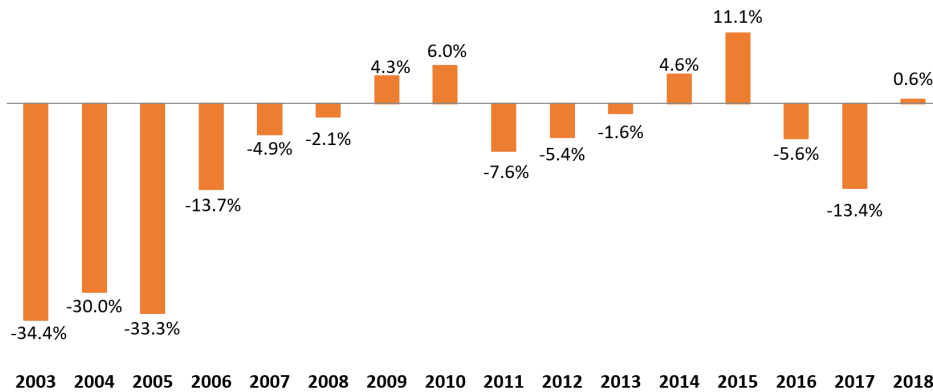
(See Notes: 1, 2, and 3 on page 26).

## Non-Audit Fees (excluding Audit Related) (1,907 Accelerated Filers)

Non-Audit Fees (excluding Audit Related) per \$1 Million in Revenue



Change in Percentage of Non-Audit Fees (excluding Audit Related) over Revenue



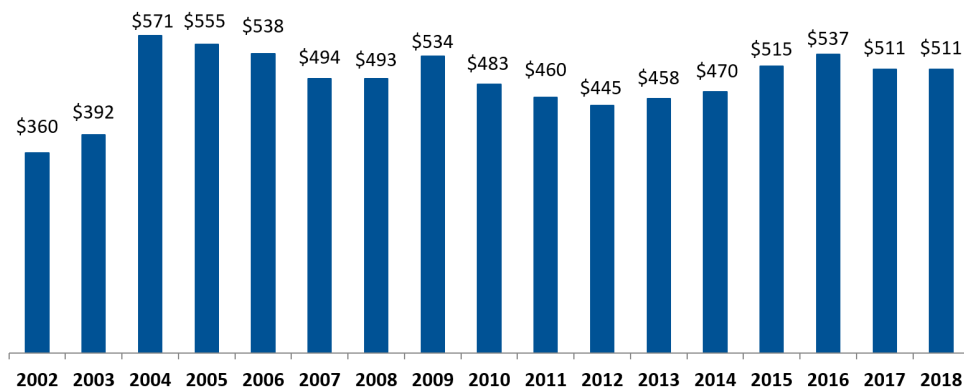
Change in Percentage of Non-Audit Fees (excluding Audit Related) over Revenue

Calendar Year	Non-Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Non-Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	2,046		7,310,367		280	
2003	1,501	-26.60%	8,182,515	11.93%	183	-34.43%
2004	1,199	-20.15%	9,328,284	14.00%	129	-29.96%
2005	900	-24.90%	10,510,290	12.67%	86	-33.35%
2006	875	-2.84%	11,827,140	12.53%	74	-13.66%
2007	928	6.04%	13,192,487	11.54%	70	-4.93%
2008	938	1.07%	13,622,493	3.26%	69	-2.12%
2009	871	-7.10%	12,134,119	-10.93%	72	4.29%
2010	1,003	15.13%	13,184,480	8.66%	76	5.95%
2011	1,012	0.88%	14,393,380	9.17%	70	-7.59%
2012	1,013	0.17%	15,237,920	5.87%	66	-5.38%
2013	1,001	-1.23%	15,288,035	0.33%	65	-1.55%
2014	1,058	5.70%	15,444,868	1.03%	68	4.63%
2015	1,089	2.92%	14,303,724	-7.39%	76	11.13%
2016	1,024	-5.93%	14,253,699	-0.35%	72	-5.60%
2017	973	-5.00%	15,644,647	9.76%	62	-13.45%
2018	1,016	4.37%	16,226,913	3.72%	63	0.62%

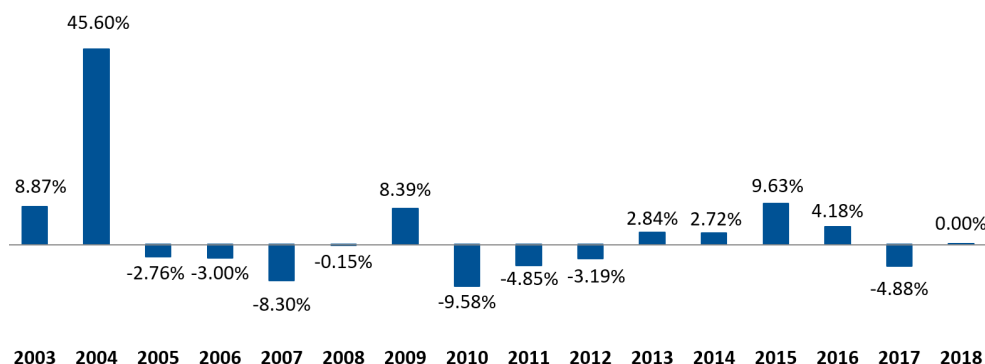
(See Notes: 1, 2, and 3 on page 26).

## Audit Fees (excluding Audit Related) (1,907 Accelerated Filers)

Audit Fees (excluding Audit Related) per \$1 Million in Revenue



Change in Percentage of Audit Fees (excluding Audit Related) over Revenue



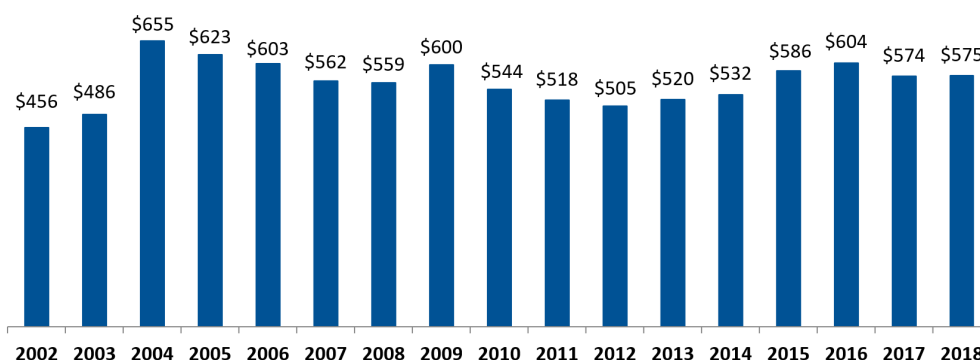
Change in Percentage of Audit Fees (excluding Audit Related) over Revenue

Calendar Year	Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	2,632		7,310,367		360	
2003	3,208	21.85%	8,182,515	11.93%	392	8.87%
2004	5,324	65.99%	9,328,284	14.00%	571	45.60%
2005	5,834	9.57%	10,510,290	12.67%	555	-2.76%
2006	6,368	9.16%	11,827,140	12.53%	538	-3.00%
2007	6,514	2.29%	13,192,487	11.54%	494	-8.30%
2008	6,716	3.10%	13,622,493	3.26%	493	-0.15%
2009	6,484	-3.46%	12,134,119	-10.93%	534	8.39%
2010	6,370	-1.76%	13,184,480	8.66%	483	-9.58%
2011	6,617	3.88%	14,393,380	9.17%	460	-4.85%
2012	6,781	2.49%	15,237,920	5.87%	445	-3.19%
2013	6,997	3.18%	15,288,035	0.33%	458	2.84%
2014	7,261	3.78%	15,444,868	1.03%	470	2.72%
2015	7,372	1.53%	14,303,724	-7.39%	515	9.63%
2016	7,654	3.82%	14,253,699	-0.35%	537	4.18%
2017	7,990	4.40%	15,644,647	9.76%	511	-4.88%
2018	8,288	3.72%	16,226,913	3.72%	511	0.00%

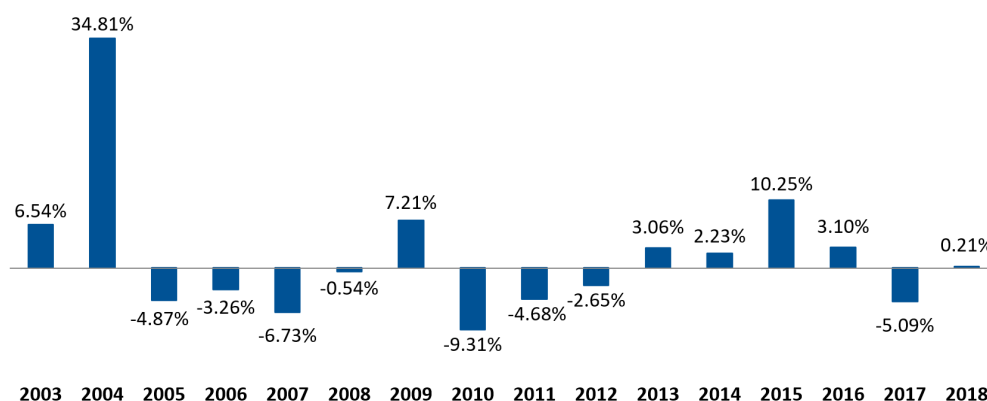
(See Notes: 1, 2, and 3 on page 26).

## Audit Fees (including Audit Related) (1,907 Accelerated Filers)

**Audit Fees** (including Audit Related) per \$1 Million in Revenue



**Change in Percentage of Audit Fees** (including Audit Related) over Revenue



**Change in Percentage of Audit Fees** (including Audit Related) over Revenue

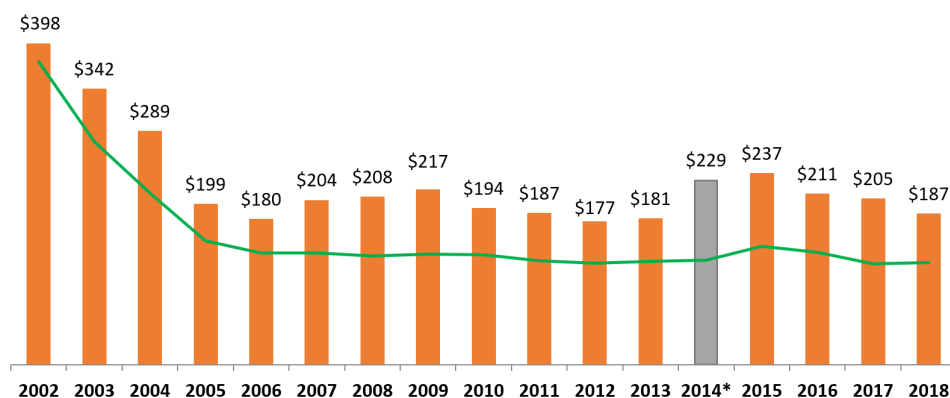
Calendar Year	Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	3,335		7,310,367		456	
2003	3,977	19.25%	8,182,515	11.93%	486	6.54%
2004	6,112	53.68%	9,328,284	14.00%	655	34.81%
2005	6,551	7.18%	10,510,290	12.67%	623	-4.87%
2006	7,132	8.86%	11,827,140	12.53%	603	-3.26%
2007	7,420	4.04%	13,192,487	11.54%	562	-6.73%
2008	7,621	2.71%	13,622,493	3.26%	559	-0.54%
2009	7,278	-4.50%	12,134,119	-10.93%	600	7.21%
2010	7,171	-1.46%	13,184,480	8.66%	544	-9.31%
2011	7,462	4.06%	14,393,380	9.17%	518	-4.68%
2012	7,691	3.06%	15,237,920	5.87%	505	-2.65%
2013	7,952	3.40%	15,288,035	0.33%	520	3.06%
2014	8,213	3.28%	15,444,868	1.03%	532	2.23%
2015	8,386	2.11%	14,303,724	-7.39%	586	10.25%
2016	8,616	2.74%	14,253,699	-0.35%	604	3.10%
2017	8,975	4.18%	15,644,647	9.76%	574	-5.09%
2018	9,329	3.94%	16,226,913	3.72%	575	0.21%

(See Notes: 1, 2, and 3 on page 26).

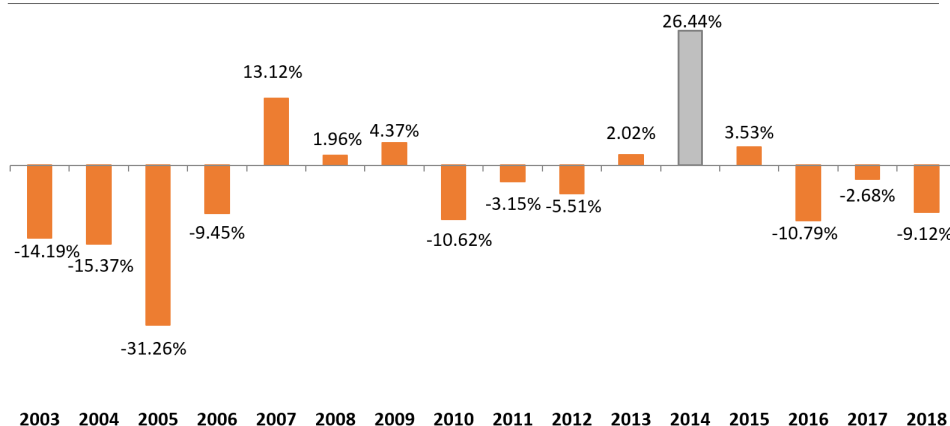
## Non-Audit Fees (including Audit Related)

Companies that Disclosed a Restatement during 2014 (159 Accelerated Filers)

Non- Audit Fees (including Audit Related) per \$1 Million in Revenue



Change in Percentage of Non- Audit Fees (including Audit Related) over Revenue



Change in Percentage of Non- Audit Fees (including Audit Related) over Revenue

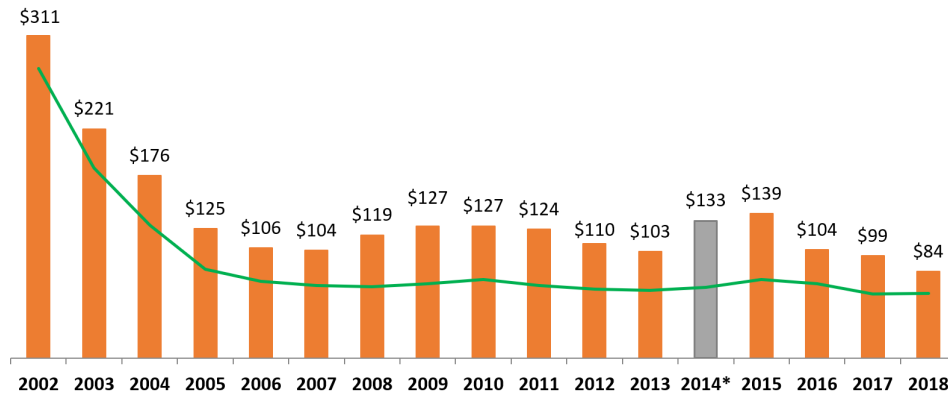
Calendar Year	Non-Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Non- Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	184.7		464,005		398	
2003	170.6	-7.61%	499,604	7.67%	342	-14.19%
2004	159.3	-6.62%	551,286	10.34%	289	-15.37%
2005	124.0	-22.17%	624,182	13.22%	199	-31.26%
2006	125.8	1.46%	699,393	12.05%	180	-9.45%
2007	141.6	12.51%	695,586	-0.54%	204	13.12%
2008	125.8	-11.15%	606,148	-12.86%	208	1.96%
2009	124.6	-0.98%	575,121	-5.12%	217	4.37%
2010	131.1	5.22%	677,056	17.72%	194	-10.62%
2011	136.2	3.93%	726,522	7.31%	187	-3.15%
2012	134.6	-1.20%	759,653	4.56%	177	-5.51%
2013	138.0	2.55%	763,597	0.52%	181	2.02%
2014	175.8	27.36%	769,106	0.72%	229	26.44%
2015	168.3	-4.25%	711,325	-7.51%	237	3.53%
2016	148.3	-11.91%	702,436	-1.25%	211	-10.79%
2017	145.7	-1.73%	709,327	0.98%	205	-2.68%
2018	138.4	-5.01%	741,447	4.53%	187	-9.12%

(See Notes: 1, 3, 4, and 5 on page 26).

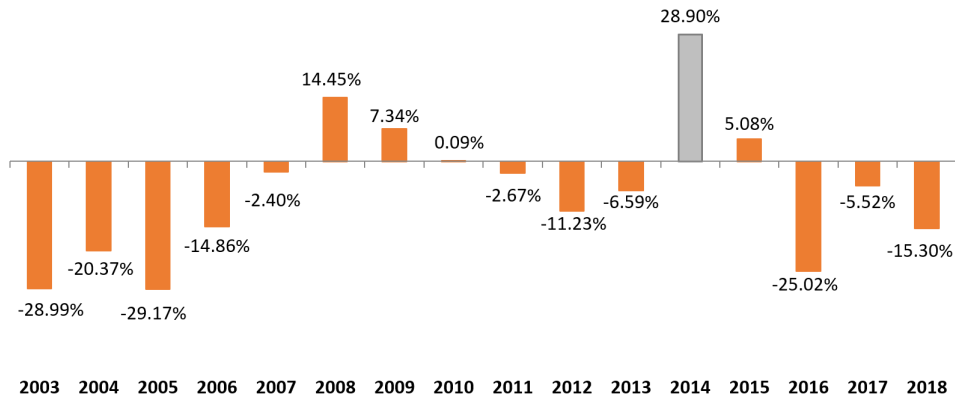
## Non-Audit Fees (excluding Audit Related)

Companies that Disclosed a Restatement during 2014 (159 Accelerated Filers)

Non- Audit Fees (excluding Audit Related) per \$1 Million in Revenue



Change in Percentage of Non- Audit Fees (excluding Audit Related) over Revenue



Change in Percentage of Non- Audit Fees (excluding Audit Related) over Revenue

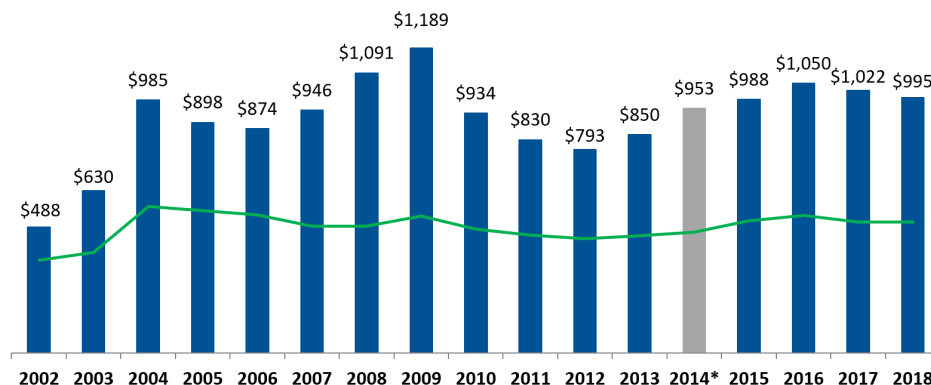
Calendar Year	Non-Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Non- Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	144.5		464,005		311	
2003	110.5	-23.55%	499,604	7.67%	221	-28.99%
2004	97.1	-12.14%	551,286	10.34%	176	-20.37%
2005	77.9	-19.80%	624,182	13.22%	125	-29.17%
2006	74.3	-4.60%	699,393	12.05%	106	-14.86%
2007	72.1	-2.93%	695,586	-0.54%	104	-2.40%
2008	71.9	-0.26%	606,148	-12.86%	119	14.45%
2009	73.2	1.85%	575,121	-5.12%	127	7.34%
2010	86.3	17.83%	677,056	17.72%	127	0.09%
2011	90.1	4.44%	726,522	7.31%	124	-2.67%
2012	83.7	-7.18%	759,653	4.56%	110	-11.23%
2013	78.6	-6.11%	763,597	0.52%	103	-6.59%
2014	102.0	29.83%	769,106	0.72%	133	28.90%
2015	99.1	-2.82%	711,325	-7.51%	139	5.08%
2016	73.4	-25.96%	702,436	-1.25%	104	-25.02%
2017	70.0	-4.59%	709,327	0.98%	99	-5.52%
2018	62.0	-11.47%	741,447	4.53%	84	-15.30%

(See Notes: 1, 3, 4, and 5 on page 26).

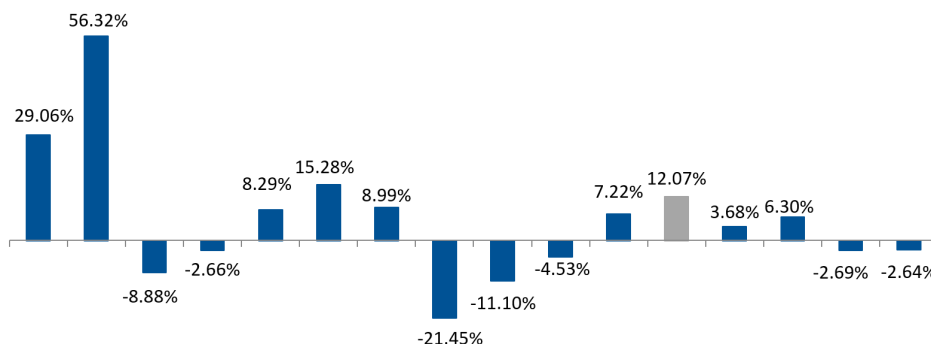
## Audit Fees (excluding Audit Related)

Companies that Disclosed a Restatement during 2014 (159 Accelerated Filers)

**Audit Fees (excluding Audit Related) per \$1 Million in Revenue**



**Change in Percentage of Audit Fees (excluding Audit Related) over Revenue**



2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

**Change in Percentage of Audit Fees (excluding Audit Related) over Revenue**

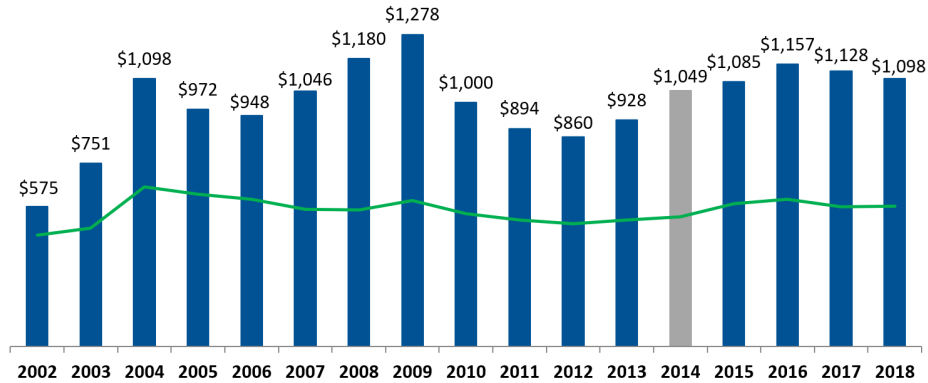
Calendar Year	Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	226.6		464,005		488	
2003	314.9	38.96%	499,604	7.67%	630	29.06%
2004	543.2	72.50%	551,286	10.34%	985	56.32%
2005	560.4	3.17%	624,182	13.22%	898	-8.88%
2006	611.2	9.07%	699,393	12.05%	874	-2.66%
2007	658.3	7.70%	695,586	-0.54%	946	8.29%
2008	661.3	0.46%	606,148	-12.86%	1,091	15.28%
2009	683.9	3.41%	575,121	-5.12%	1,189	8.99%
2010	632.4	-7.53%	677,056	17.72%	934	-21.45%
2011	603.3	-4.60%	726,522	7.31%	830	-11.10%
2012	602.2	-0.17%	759,653	4.56%	793	-4.53%
2013	649.1	7.78%	763,597	0.52%	850	7.22%
2014	732.7	12.88%	769,106	0.72%	953	12.07%
2015	702.6	-4.11%	711,325	-7.51%	988	3.68%
2016	737.6	4.97%	702,436	-1.25%	1,050	6.30%
2017	724.8	-1.73%	709,327	0.98%	1,022	-2.69%
2018	737.6	1.77%	741,447	4.53%	995	-2.64%

(See Notes: 1, 3, 4, and 6 on page 26).

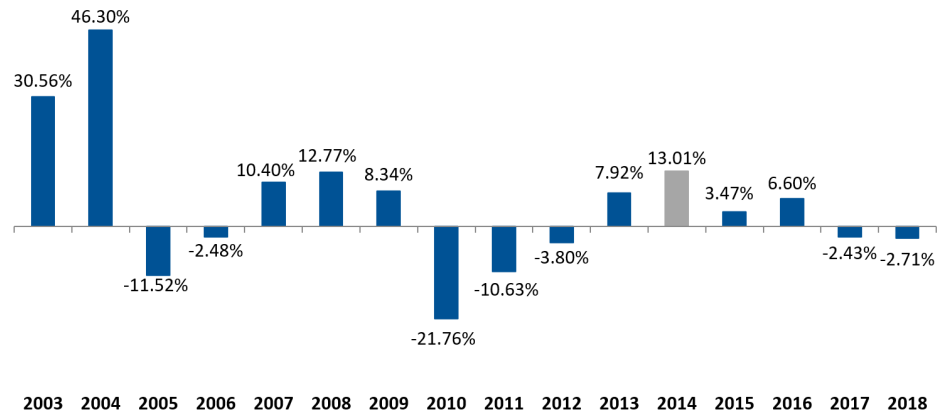
## Audit Fees (including Audit Related)

Companies that Disclosed a Restatement during 2014 (159 Accelerated Filers)

**Audit Fees (including Audit Related) per \$1 Million in Revenue**



**Change in Percentage of Audit Fees (including Audit Related) over Revenue**



**Change in Percentage of Audit Fees (including Audit Related) over Revenue**

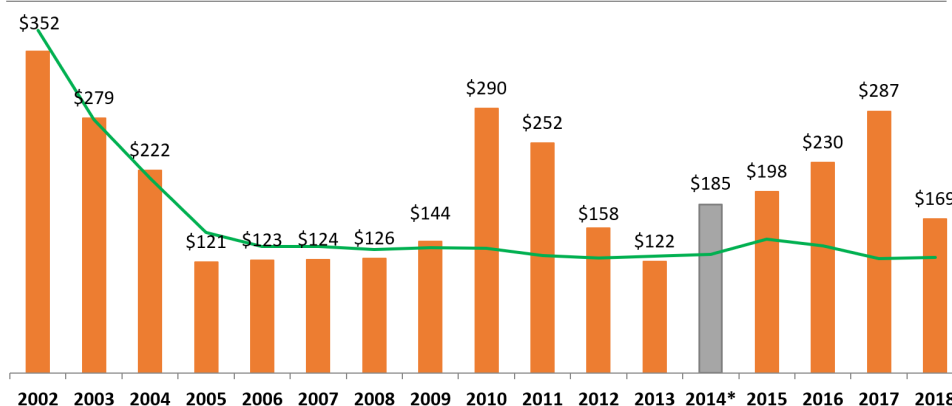
Calendar Year	Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	266.8		464,005		575	
2003	375.1	40.58%	499,604	7.67%	751	30.56%
2004	605.5	61.43%	551,286	10.34%	1,098	46.30%
2005	606.6	0.18%	624,182	13.22%	972	-11.52%
2006	662.8	9.27%	699,393	12.05%	948	-2.48%
2007	727.8	9.80%	695,586	-0.54%	1,046	10.40%
2008	715.2	-1.73%	606,148	-12.86%	1,180	12.77%
2009	735.2	2.80%	575,121	-5.12%	1,278	8.34%
2010	677.1	-7.90%	677,056	17.72%	1,000	-21.76%
2011	649.4	-4.10%	726,522	7.31%	894	-10.63%
2012	653.2	0.59%	759,653	4.56%	860	-3.80%
2013	708.6	8.48%	763,597	0.52%	928	7.92%
2014	806.5	13.82%	769,106	0.72%	1,049	13.01%
2015	771.8	-4.30%	711,325	-7.51%	1,085	3.47%
2016	812.4	5.26%	702,436	-1.25%	1,157	6.60%
2017	800.5	-1.47%	709,327	0.98%	1,128	-2.43%
2018	814.0	1.69%	741,447	4.53%	1,098	-2.71%

(See Notes: 1, 3, 4, and 6 on page 26).

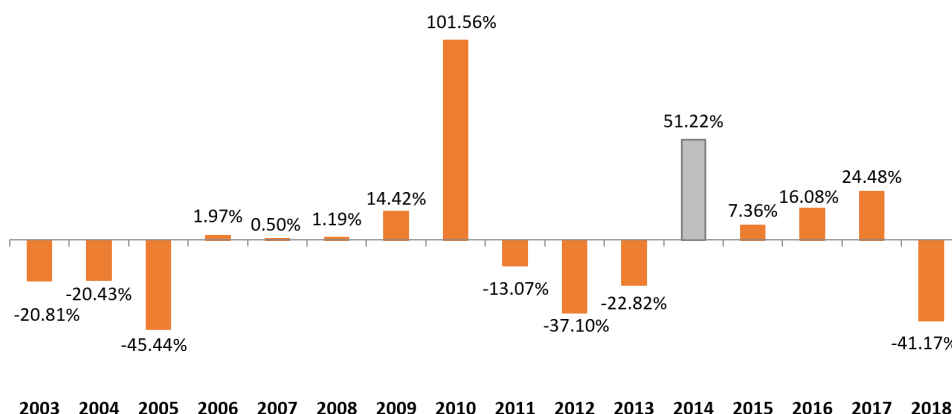
## Non-Audit Fees (including Audit Related)

Companies that Disclosed a Reissuance Restatement during 2014 (18 Accelerated Filers)

Non-Audit Fees (including Audit Related) per \$1 Million in Revenue



Change in Percentage of Non-Audit Fees (including Audit Related) over Revenue



Change in Percentage of Non-Audit Fees (including Audit Related) over Revenue

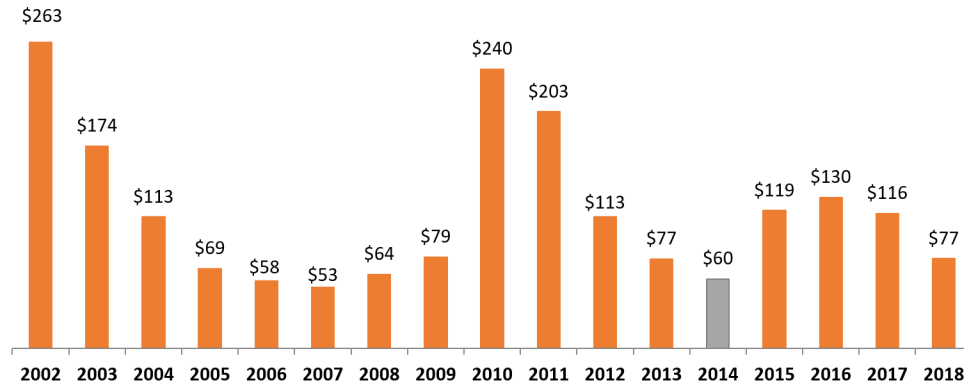
Calendar Year	Non-Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Non-Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	24.1		68,278		352	
2003	20.5	-14.65%	73,587	7.78%	279	-20.81%
2004	16.0	-21.96%	72,170	-1.93%	222	-20.43%
2005	11.2	-30.31%	92,185	27.73%	121	-45.44%
2006	12.4	11.33%	100,648	9.18%	123	1.97%
2007	12.8	3.34%	103,496	2.83%	124	0.50%
2008	12.6	-1.82%	100,413	-2.98%	126	1.19%
2009	12.5	-0.49%	87,331	-13.03%	144	14.42%
2010	24.3	93.28%	83,741	-4.11%	290	101.56%
2011	23.0	-5.04%	91,477	9.24%	252	-13.07%
2012	14.9	-35.16%	94,301	3.09%	158	-37.10%
2013	11.8	-21.15%	96,340	2.16%	122	-22.82%
2014	18.4	56.37%	99,619	3.40%	185	51.22%
2015	16.5	-10.29%	83,243	-16.44%	198	7.36%
2016	18.5	11.87%	80,228	-3.62%	230	16.08%
2017	26.2	42.01%	91,527	14.08%	287	24.48%
2018	16.8	-36.11%	99,400	8.60%	169	-41.17%

(See Notes: 1, 3, 5, 7, and 8 on page 26).

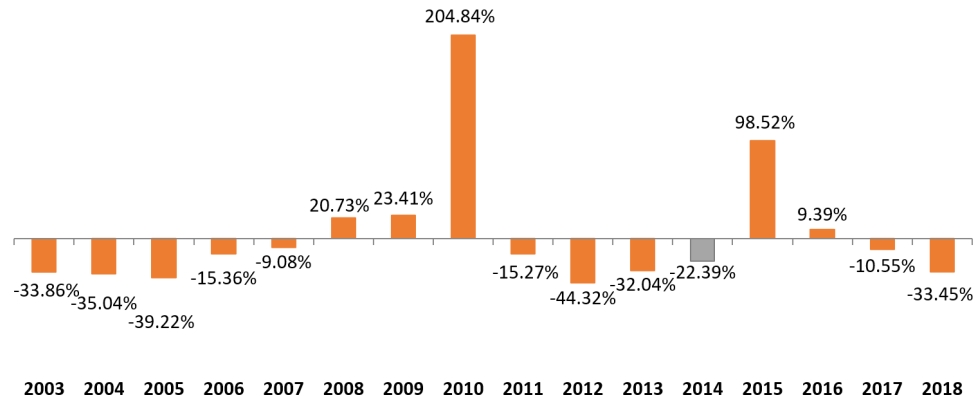
## Non-Audit Fees (excluding Audit Related)

Companies that Disclosed a Reissuance Restatement during 2014 (18 Accelerated Filers)

Non-Audit Fees (excluding Audit Related) per \$1 Million in Revenue



Non-Audit Fees (excluding Audit Related) per \$1 Million in Revenue



Change in Percentage of Non-Audit Fees (excluding Audit Related) over Revenue

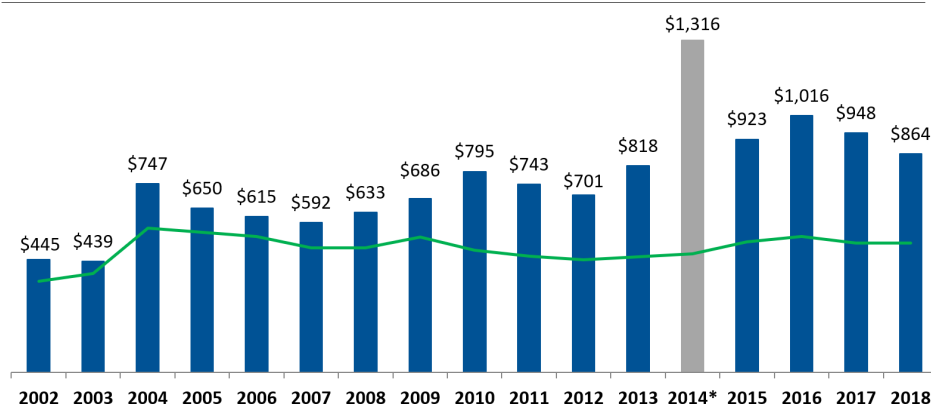
Calendar Year	Non-Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Non-Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	17.9		68,278		263	
2003	12.8	-28.71%	73,587	7.78%	174	-33.86%
2004	8.1	-36.29%	72,170	-1.93%	113	-35.04%
2005	6.3	-22.36%	92,185	27.73%	69	-39.22%
2006	5.8	-7.59%	100,648	9.18%	58	-15.36%
2007	5.5	-6.51%	103,496	2.83%	53	-9.08%
2008	6.4	17.13%	100,413	-2.98%	64	20.73%
2009	6.9	7.33%	87,331	-13.03%	79	23.41%
2010	20.1	192.31%	83,741	-4.11%	240	204.84%
2011	18.6	-7.45%	91,477	9.24%	203	-15.27%
2012	10.7	-42.60%	94,301	3.09%	113	-44.32%
2013	7.4	-30.57%	96,340	2.16%	77	-32.04%
2014	5.9	-19.75%	99,619	3.40%	60	-22.39%
2015	9.9	65.89%	83,243	-16.44%	119	98.52%
2016	10.4	5.43%	80,228	-3.62%	130	9.39%
2017	10.6	2.05%	91,527	14.08%	116	-10.55%
2018	7.7	-27.73%	99,400	8.60%	77	-33.45%

(See Notes: 1, 3, 5, 7, and 8 on page 26).

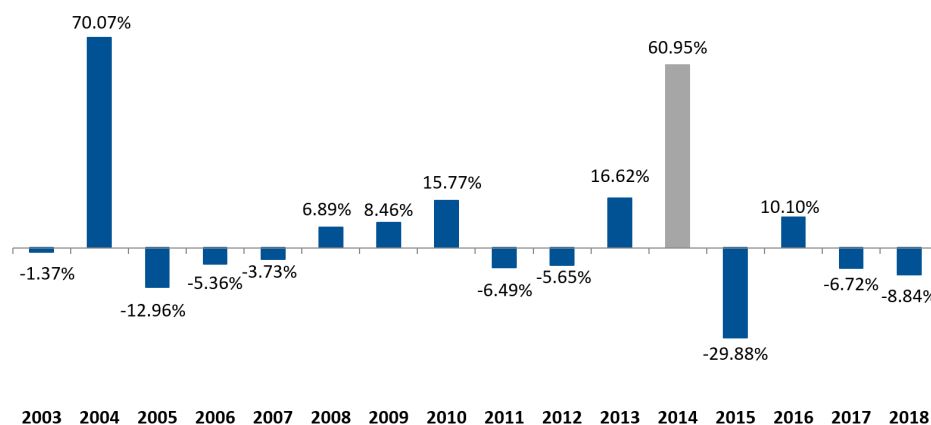
## Audit Fees (excluding Audit Related)

Companies that Disclosed a Reissuance Restatement during 2014 (18 Accelerated Filers)

**Audit Fees (excluding Audit Related) per \$1 Million in Revenue**



**Change in Percentage of Audit Fees (excluding Audit Related) over Revenue**



**Change in Percentage of Audit Fees (excluding Audit Related) over Revenue**

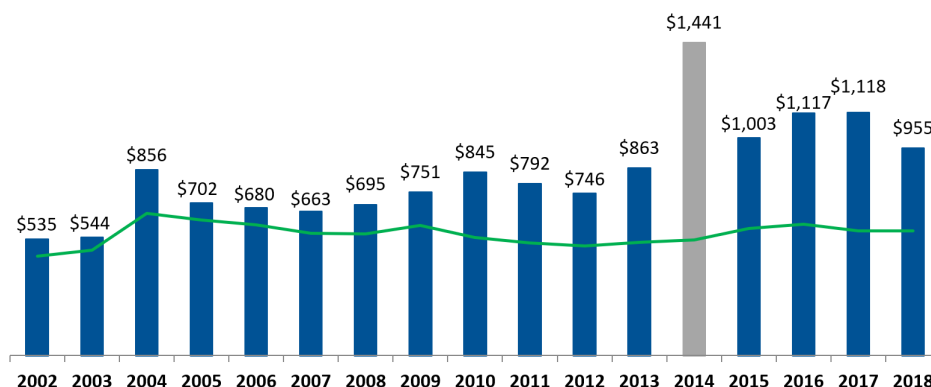
Calendar Year	Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	30.4		68,278		445	
2003	32.3	6.30%	73,587	7.78%	439	-1.37%
2004	53.9	66.80%	72,170	-1.93%	747	70.07%
2005	59.9	11.18%	92,185	27.73%	650	-12.96%
2006	61.9	3.32%	100,648	9.18%	615	-5.36%
2007	61.3	-1.00%	103,496	2.83%	592	-3.73%
2008	63.6	3.70%	100,413	-2.98%	633	6.89%
2009	60.0	-5.67%	87,331	-13.03%	686	8.46%
2010	66.6	11.01%	83,741	-4.11%	795	15.77%
2011	68.0	2.15%	91,477	9.24%	743	-6.49%
2012	66.1	-2.74%	94,301	3.09%	701	-5.65%
2013	78.8	19.14%	96,340	2.16%	818	16.62%
2014	131.1	66.43%	99,619	3.40%	1,316	60.95%
2015	76.8	-41.41%	83,243	-16.44%	923	-29.88%
2016	81.5	6.11%	80,228	-3.62%	1,016	10.10%
2017	86.7	6.42%	91,527	14.08%	948	-6.72%
2018	85.9	-1.00%	99,400	8.60%	864	-8.84%

(See Notes: 1, 3, 6, and 7 on page 26).

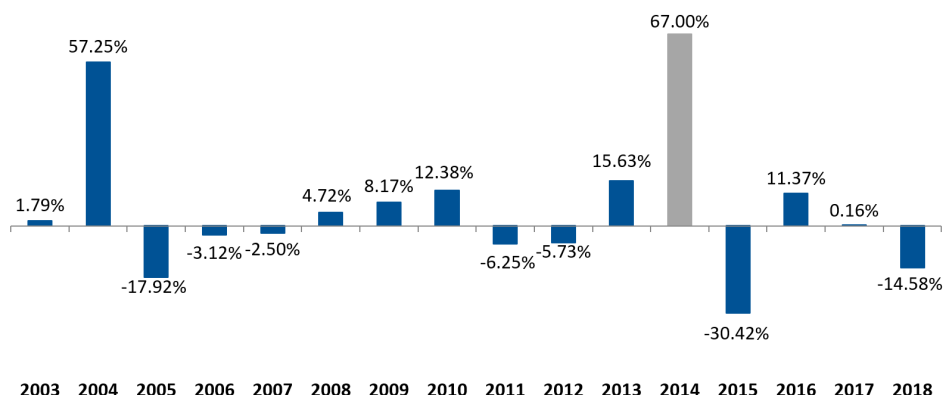
## Audit Fees (including Audit Related)

Companies that Disclosed a Reissuance Restatement during 2014 (18 Accelerated Filers)

**Audit Fees (including Audit Related) per \$1 Million in Revenue**



**Change in Percentage of Audit Fees (including Audit Related) over Revenue**



**Change in Percentage of Audit Fees (including Audit Related) over Revenue**

Calendar Year	Audit Fees (in millions USD)	% Change from Previous Year	Revenue (in millions USD)	% Change from Previous Year	Audit Fees Per \$1 Million In Revenue	% Change from Previous Year
2002	36.5		68,278		535	
2003	40.0	9.70%	73,587	7.78%	544	1.79%
2004	61.8	54.22%	72,170	-1.93%	856	57.25%
2005	64.7	4.84%	92,185	27.73%	702	-17.92%
2006	68.5	5.77%	100,648	9.18%	680	-3.12%
2007	68.7	0.26%	103,496	2.83%	663	-2.50%
2008	69.8	1.60%	100,413	-2.98%	695	4.72%
2009	65.6	-5.92%	87,331	-13.03%	751	8.17%
2010	70.7	7.76%	83,741	-4.11%	845	12.38%
2011	72.4	2.41%	91,477	9.24%	792	-6.25%
2012	70.4	-2.82%	94,301	3.09%	746	-5.73%
2013	83.1	18.13%	96,340	2.16%	863	15.63%
2014	143.6	72.68%	99,619	3.40%	1,441	67.00%
2015	83.5	-41.86%	83,243	-16.44%	1,003	-30.42%
2016	89.6	7.33%	80,228	-3.62%	1,117	11.37%
2017	102.4	14.27%	91,527	14.08%	1,118	0.16%
2018	95.0	-7.23%	99,400	8.60%	955	-14.58%

(See Notes: 1, 3, 6, and 7 on page 26).

## References

- <sup>1</sup> An accelerated filer is a company whose public float (as opposed to market capitalization) exceeds \$75 million as of the last day of their second quarter. Once a registrant becomes an accelerated filer, it will not lose this status unless its float drops below \$50 million. (See Rule 12b-2 of the Securities Exchange Act of 1934.) In this research, large accelerated filers are included in the accelerated filer population. Notwithstanding the definition, the Audit Analytics database maintains the filing status as disclosed by the registrant to the SEC in its last periodic report.
  - <sup>2</sup> See transcript of Jeanette M. Franzel's speech, Effective Audits of Internal Control in the Current "Perfect Storm," given on March 26, 2014: [www.pcaobus.org/News/Speech/Pages/03262014\\_IIA.aspx](http://www.pcaobus.org/News/Speech/Pages/03262014_IIA.aspx).
  - <sup>3</sup> See SOX 404 Disclosures: A Fifteen Year Review published September 2019 by Audit Analytics.
  - <sup>4</sup> See SEC Charges Four Public Companies With Longstanding ICFR Failures <https://www.sec.gov/news/press-release/2019-6>
  - <sup>5</sup> See the Auditor Independence Rules adopted by the SEC in 2001 (see SEC Release No. 33-7919, <http://www.sec.gov/rules/final/33-7919.htm>) and strengthened in 2003 in response to Section 208(a) of the Sarbanes-Oxley Act (see SEC Release No. 33-8183, <http://www.sec.gov/rules/final/33-8183.htm>).
  - <sup>6</sup> To some extent, the initial drop in non-audit fees is attributable to Auditor Independence Rules adopted by the SEC in 2001 (see SEC Release No. 33-7919, <http://www.sec.gov/rules/final/33-7919.htm>) and strengthened in 2003 in response to Section 208(a) of the Sarbanes-Oxley Act (see SEC Release No. 33-8183, <http://www.sec.gov/rules/final/33-8183.htm>). The rules require the disclosure of four categories of fees: (1) Audit Fees, (2) Audit-Related Fees, (3) Tax Fees, and (4) All Other Fees. In addition, the rules precluded nine categories of non-audit services identified by the SEC (titles abbreviated): (1) bookkeeping; (2) financial information systems design and implementation; (3) appraisals; (4) actuarial services; (5) internal audit outsourcing services; (6) management functions; (7) investment adviser services; (8) legal services; (9) expert services. For full titles of the precluded services and short definitions, see SEC News Release 2003-9 of January 22, 2003 (<http://www.sec.gov/news/press/2003-9.htm>) and also see SEC's 2007 FAQs regarding the auditor independence rules (<http://www.sec.gov/info/accountants/ocaafaquind080607.htm>).
  - <sup>7</sup> In general, Section 404 requires that each annual report contain an "internal control report" that (1) acknowledges the management's responsibility to maintain adequate internal controls, (2) identifies the "framework" used to evaluate the effectiveness of the internal controls over financial reporting, and (3) provides an assessment of the effectiveness of these internal controls as of the end of the fiscal year.
- As explained in footnote 5, Auditor Independence Rules adopted by the SEC preclude auditors from performing non-audit services that previously represented a substantial segment of fees. As a result, and as shown in Figure 1, non-audit fees dramatically dropped as a percentage of total fees from 2002 to 2005. The loss of this income forced auditors to shift the cost of litigation risks and other costs absorbed by these fees over to audit fees.
- The percentage spike that occurred in 2010 and 2011 can be explained by the increase in tax related fees paid by Mondelez International, Inc. (formerly: Kraft Foods Inc.) from 2009 (\$163,7000) to 2010 (\$14,781,000) and 2011 (\$12,373,000), ostensibly due to Kraft's acquisition of Cadbury plc, the offer being made on January 5, 2010.

## Notes

- <sup>1</sup> Research based on Audit Fee database download on August 19, 2019. Only a small percentage of calendar year 2019 fees have been disclosed by registrants as of the research date and thus 2019 is not presented.
- <sup>2</sup> The fees are based on fees paid by a population of 1,907 accelerated filers, all accelerated filers that disclosed audit fees for each and every year displayed.
- <sup>3</sup> The total non-audit fees represent the aggregate of all other disclosed fees that are not audit fees. For a breakdown of the fees that constitute the total non-audit fees, see definitions on page 27.
- <sup>4</sup> The fees above are based on fees paid by the 159 accelerated filers, out of the 1,907 that comprise the research population, that disclosed a restatement during 2014.
- <sup>5</sup> The green line reflects non-audit fees paid by the entire research population of 1,907 accelerated filers as shown in the graph on page 14 and 15.
- <sup>6</sup> The green line reflects audit fees paid by the entire research population of 1,907 accelerated filers as shown in the graph on page 16 and 17.
- <sup>7</sup> The fees above are based on fees paid by the 18 accelerated filers, out of the 1,907 that comprise the research population, that disclosed a reissuance restatement during 2014.
- <sup>8</sup> The percentage spike that occurred in 2010 can be explained by the increase in tax related fees paid by Mondelez International, Inc. (formerly: Kraft Foods Inc.) from 2009 (\$163,7000) to 2010 (\$14,781,000), ostensibly due to Kraft's acquisition of Cadbury plc, the offer made on January 5, 2010.

## Audit Fee Category Definitions

### Audit Fees

Consists of all fees necessary to perform the audit or review in accordance with GAAS. This category also may include services that generally only the independent accountant reasonably can provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the SEC.

### Audit Related Fees

In general are assurance and related services (e.g., due diligence services) that traditionally are performed by the independent accountant. More specifically, these services would include, among others: employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.

### Benefit Plan Related Fees

In general these fees compose part of the total audit related fee number. In cases where the registrant itemizes their audit related fees and discloses the fees associated with benefit plan audits, the benefit plan fees are subtracted from the total audit related fees and entered under this field.

### FISDI Fees

Financial information systems design and implementation related fees. Currently the principal accountant is prohibited from such services. With the implementation of SEC Rule 33-8183, with an effective date of May 6, 2003 and a corrected March 31, 2003, these fees now are a component of Other Fees.

### Tax Related Fees

Typically this category would include fees for tax compliance, tax planning, and tax advice. Tax compliance generally involves preparation of original and amended tax returns, claims for refund and tax payment-planning services. Tax planning and tax advice encompass a diverse range of services, including assistance with tax audits and appeals, tax advice related to mergers and acquisitions, employee benefit plans and requests for rulings or technical advice from taxing authorities. This category would not capture those services related to the audit.

### Other/Miscellaneous

All other auditor fees. (Note that prior to the implementation of SEC Rule 33-8183, with an effective date of May 6, 2003 and a corrected March 31, 2003, this category included tax related fees and audit related fees.)

### Total Non-Audit Fees

The sum of Audit Related Fees, Benefit Plan Related Fees, FISDI Fees, Tax Related Fees and Other/Misc Fees.

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