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external audit. This includes public company preparer opportunities to reduce audit effort, COVID-19's impact, value derived from external audits, auditor insights, and ...

Isaac M. O'Bannon • Nov. 02, 2021



The [Financial Education & Research Foundation](#) (FERF)—the independent non-profit research affiliate of Financial Executives International (FEI)—today released the findings of its Annual Public Company Audit Fee Study. The survey was sponsored by the [Center for Audit Quality](#) (CAQ), a nonpartisan public policy organization advancing critical issues affecting audit quality and investor trust in capital markets. The CAQ also conducted a survey of audit engagement partners, the results of which contributed to the report.

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Twenty-eight percent of all respondents cited acquisitions as the primary driver for the above trends. Twenty-three percent of all respondents reported the impact of 2020's economic uncertainty on audit scope as another factor, followed by the current expected credit loss (CECL) standard implementation, divestitures, and ICFR changes not related to COVID-19.

Fifty-seven percent of audit engagement partners surveyed indicated the scope of their most recently completed integrated audit engagement had increased from 2019-2020. Economic uncertainties brought about by the COVID-19 pandemic were cited as the primary driver of audit scope and effort increases. Other drivers were non-COVID related ICFR changes, acquisitions, the Critical Audit Matters, and the transition to a virtual audit as a result of the pandemic.

Additionally, sixty-one percent of respondents indicated that their auditor's use of data analytics and other emerging technologies improved the quality of their external audit.

Looking ahead:

The 2020 audit cycle was unprecedented for the financial reporting ecosystem, entities, and their auditors, most notably when determining how to successfully navigate the challenges to continue to provide high quality financial reporting and high-quality audits to the capital markets. Moving forward, three primary factors that may impact the audit fee marketplace include: future potential regulation, demand for audit services and professionals, and cybersecurity.

ESG also continues to emerge as an area of focus for finance professionals and auditors as 40 percent of respondents indicated that they disclosed climate-related risks that were considered in the preparation of their 2020 financial statements.

“The ongoing COVID-19 pandemic continues to pose challenges for auditors and

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