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Structure Changes Increased Audit Scope and Fees

Overall, average audit fees increased by a slight 2.5 percent from 2020 to 2021. Expanded scope was cited as the primary reason as stated by 53 percent of member company respondents.

Isaac M. O'Bannon • Nov. 07, 2022



The [Financial Education & Research Foundation](#) (FERF)—the independent non-profit research affiliate of Financial Executives International (FEI)—today released the findings of its [13th Annual Public Company Audit Fee Study](#). The Study looks at various factors affecting financial reporting and external audits. This includes value derived from external audits; auditor insights; process efficiencies for public company preparers; and key factors driving audit fee changes.

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Notably, audits continue to be vital to capital markets. Whether on-site, hybrid, or fully remote, public companies and their auditors worked diligently to maintain a standard of high-quality financial reporting and auditing. Key areas of focus for these parties continue to be effective communication and financial reporting/audit process innovation—particularly when considering how these factors impact high-quality audits in increasingly more complex business environments.

Technology Innovation Impact

Forty-nine percent of public company respondents stated that the use of data analytics and emerging technologies improved the quality of their audit. Many audit teams have begun leveraging innovative data analytics and tools to support risk assessment procedures; to increase audit procedure precision; and to introduce more unpredictability into testing.

Cloud-based tools are used for data collection as well as population testing in lieu of conventional audit sampling methods. The cloud approach can reduce manual steps required—steps typically executed by preparers—resulting in a better preparer experience.

Auditors also more readily engage data specialists to develop tailored analytics and tools to evaluate audit evidence. The results of these technological advancements give auditors the ability to perform more targeted audit procedures in areas that present higher risk, driving up overall audit quality.

Audit Fee Study Table of Contents

The Study addresses the above and related research to include:

- Section 1: Value of The Audit

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“Year over year, we continue to see public companies and their external auditors flex with the constant changes our business environments experience. The past year delivered an influx of organizational change due to newer work models as well as M&As among other factors. However, it seems the audit function has been able to stay the course with minimal external cost increases on average,” said Andrej Suskavcevic, CAE, President and CEO of Financial Executives International and Financial Education & Research Foundation. “This suggests that perhaps the intensity of the challenges they face may be lessening or, at least, reverting to more traditional issues as opposed to new and unknown ones such as those caused by the pandemic.”

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