



## **NEWS RELEASE**

**For Immediate Release**

### **Armanino McKenna Survey of Bay Area Public Companies Indicates Regional Audit Fees are Declining**

#### ***Big 4 National Auditing Firms' Fees Increased Between 2009 and 2010, Reversing Declines Seen in Previous Years***

**SAN RAMON, CA (October 4, 2011)** – SEC filing data for Bay Area companies indicates that audit fees charged by the Big 4 national accounting firms are rising. At the same time, audit fees for regional accounting firms are being reduced, according to a recent survey by Armanino McKenna LLP ([www.amllp.com](http://www.amllp.com)), the largest California-based accounting and business consulting firm.

The survey, which included 376 Bay Area public companies with calendar fiscal year-ends, covered many types and sizes of companies that list their auditors and the fees charged by the auditors in their 10K and 14A proxy statements from 2008 through 2010.

Results show how fee cycles for auditing are driven by the Big 4 national accounting firms which often lower and raise audit fees in response to economic cycles, and in efforts to add or trim clients. Most audit firms are still in the “soft” fee part of the cycle in which audit fees have been dropping for the past three years. However, between 2009 and 2010, the data indicates the Big 4 has begun the process of increasing audit fees.

The “hard” part of the Big 4-led fee cycle presents an opportunity for regional accounting firms to acquire new clients and market share. But typically, when the Big 4 lowers fees again a few years later, those clients migrate back. This time, regional firms are better prepared to retain those clients they gained, notes Armanino McKenna Audit Partner Matt Perreault.

“Regional firms like ours have added tremendous capabilities in the past few years,” he says. “Our sophistication and human and intellectual resources match those of the Big 4. We’re a full service firm with all the capabilities, including international and in-country foreign services, which the Big 4 can bring to bear for clients — at about a third of the cost.”

Perreault adds that the Big 4 fee-to-value proposition is not a rational choice for smaller companies. “Fees for companies with revenues of \$100 million or lower do not receive good value when the Big 4 increases fees. On the other hand, those companies receive excellent cost-to-value from regional firms like Armanino McKenna. There’s also the fact that companies

that are smaller clients for Big 4 firms, are in fact, big clients for regionals, meaning they can also count on superior service from regional firms.”

A more detailed summary of Armanino McKenna’s SEC Audit Fee Survey for Bay Area companies can be obtained at <http://www.amllp.com/images/stories/pdfs/SEC/2011-Bay-Area-SEC-Company-Audit-Fee-Report-Findings.pdf>.

**About Armanino McKenna**<sup>LLP</sup>

Armanino McKenna ([www.amllp.com](http://www.amllp.com)) is the largest California-based CPA firm with approximately 300 employees. It is a member firm in Moore Stephens International Limited, a global association of accounting and consulting firms in 98 countries. Armanino McKenna offers a comprehensive package of services from audits and reviews, to tax planning and preparation, SOX compliance, financial/IT staffing, IT software and service, valuations and consulting. The company has offices in San Ramon, San Francisco and San Jose, CA; Portland, OR; and Seattle, WA.

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