Strafford

Auditor✦Trak

Electronic Site License

Frequently Asked Questions

1. What is Auditor✦Trak?

Auditor✦Trak is the most current, comprehensive and accurate database of public company auditor changes available from any source.

Auditor✦Trak does not arbitrarily limit its coverage to companies of a certain size or by any other company characteristics. Coverage includes all companies subject to SEC compliance requirements, including non-US registrants, related companies and corporate retirement plans. The **Auditor✦Trak** database includes changes from January 1, 1992 to the present.

2. Who uses — and relies upon — Auditor✦Trak?

A wide range of organizations rely on **Auditor✦Trak** data. In addition to public accounting firms both in the U.S. and abroad, our licensees include the board audit committees of public companies, university-based researchers, consultants, providers of professional liability insurance to the accounting profession, investment fund managers, and others.

And, **Auditor✦Trak**'s expertise is widely sought after. For example, the following media (along with many others) have all have sought out **Auditor✦Trak** for data and analysis on auditor change activities.

ABC News
Chicago Tribune
Dow Jones Newswires
Financial Times
Los Angeles Times
National Public Radio
New York Times
Reuters
San Francisco Chronicle
Time magazine
Wall Street Journal

And, among academic researchers, **Auditor✦Trak** is the most widely cited source in academic and professional publications — by a huge margin.

3. How will Auditor✦Trak benefit my organization?

For accounting firms: **Auditor✦Trak** is the definitive resource to support a full range of professional *compliance and independence* responsibilities. From Sarbanes-Oxley compliance requirements to maintaining the restricted list and conflict checking — **Auditor✦Trak** is the perfect tool to enhance and extend your internal systems.

Further, it is the ultimate service for turning auditor change data into a powerful *competitive weapon* for fine-tuning your marketing strategy and seizing high-impact opportunities to retain and win audits. Market share analyses, firm by firm competitive trends, trends by client industry sector -- do it all with **Auditor✦Trak**. Its convenient electronic form allows you to slice and dice the data to create *totally customized* competitive and market analyses.

For academic research: **Auditor✦Trak** is the authoritative tool of choice for academic research, widely used by faculty and students via both individual and department-wide licenses. As noted above, no other resource is more widely cited in academic and professional publications.

Outside the accounting profession: **Auditor✦Trak** has proven itself invaluable in many contexts. Public company audit committees, professional liability insurers, consultants -- anyone for whom CPA firm audit relationships, changes or trends in such relationships and auditor performance are relevant -- will find **Auditor✦Trak** to be a key resource.

4. In what formats and license types is Auditor✦Trak available?

Auditor✦Trak is available exclusively by electronic license. The data can be provided in virtually any electronic form your organization might need (e.g., Excel, Access, etc.).

License arrangements can be customized to meet literally any information need you may have. For example, for an accounting firm the license can be global, U.S. firm-wide, for a single practice group or functional department (e.g., professional standards; strategic planning; marketing), for a region or even for one-time use. For scholarly research, a license can be tailored to an individual research project or structured for access by all members of an academic department..

5. What is the source of Auditor✦Trak data? What about quality control?

Auditor✦Trak relies on a number of sources to identify impending or completed auditor changes, but every change approved for release to license clients is confirmed with SEC 8-k filings. And **Auditor✦Trak** records are further enhanced by additional research by Strafford's staff utilizing other sources (beyond just 8-ks), including both documents and, in some instances, interviews.

Critically, **Auditor✦Trak** is a mediated database. It does not just rely on automated culling of data from SEC documents — an approach which can introduce material error. Source documents for every **Auditor✦Trak** record are examined by at least two separate researchers.

Plus, a detailed and highly structured Quality Assurance program is utilized. The research, data entry, data selection and Quality Assurance processes are monitored by a senior supervisory editor. **Auditor✦Trak** takes completeness and accuracy seriously.

6. What data does Auditor✦Trak include?

Auditor✦Trak records include more than 20 data fields relating to each auditor change event. In addition, **Auditor✦Trak** delivers <u>professional fee data</u> relating to the client company involved in the auditor change (please see 7, below, for details on fee data).

Fields relating to the auditor change event include the date of the change; the client company; the client company Central Index Key (CIK) code; the client company stock ticker symbol (where applicable); outgoing auditor; incoming auditor; whether the most recent audit was qualified, unqualified or modified or had an opinion disclaimed or withdrawn; the client company SIC code; client company size; client company contact names and phone numbers; and much, much more. In many instances, the record includes highly specific information on the reasons for the change. A listing of the **Auditor✦Trak** fields included in license client data feeds is attached at the end of this FAQ memo.

Full details on the data included are available in the document "Description of Data Fields and Data Policy" (available from Strafford customer service at 800-926-7926, extension 10 or via email: custserv@straffordpub.com.)

For a sample of **Auditor✦Trak** data, just request the "**Auditor✦Trak** Sample Data Extract" (available from Strafford customer service at 800-926-7926, extension 10 or via email: custserv@straffordpub.com). It includes sample "live" data in Microsoft Excel format and will give you a clear idea of just what information **Auditor✦Trak** includes.

7. What is reported in Auditor✦Trak's professional fee data?

In addition to the data specifically relating to the auditor change event (described in 6, above), **Auditor✦Trak** tracks and captures professional fee data relating to every client company involved in an auditor change on or after February 5, 2001. These data are reported to licensees according to the feed schedule provided in their license.

In providing fee data, **Auditor✦Trak**'s goes beyond automated data culling to deliver unique value to our licensees. In addition to utilizing technical means, <u>every</u> source document and <u>every</u> record are examined by <u>at least two</u>, separate researchers. In each instance, **Auditor✦Trak** identifies the service type, the firm delivering the service and the fees paid by the client.

Uniquely, **Auditor✦Trak** has identified ten separate fee categories: Audit, Audit-related, Tax, Financial Information Systems implementation and design, Employee-benefit related, M&A/Due diligence related services, fees related to preparation of Interim financials/Pro-formas, Internal audit, Forensic services, and finally, Other. Not every company utilizes or reports all these categories — but when they do, **Auditor✦Trak** captures and reports that data to our licensees.

[Note: some of the fee data described above will not be available to licensees until May 2004.]

8. How often is the data updated?

Auditor✦Trak data are updated daily by Strafford's research staff. Multiple Quality Assurance steps are undertaken on a continuous basis. As an **Auditor✦Trak** licensee, you can choose from several update options including weekly, monthly, quarterly, or annual.

9. How do I access the Auditor✦Trak data?

We have structured **Auditor✦Trak** data access for maximum client convenience. You do not need to come to our servers, manage passwords, IP authentication or deal with any of the other hassles some database licenses require. We deliver the initial data and all updates to you, via an email attachment (in the format of your choosing). Your license authorizes you to maintain the data on your own system, using your own access controls to assure the access and security provisions of the license are met.

Alternatively, licenses can include provision for web-based data access portals customized to the licensee's needs.

10. Can't I use just an automated solution to get auditor change data just as good as Auditor✦Trak provides?

Simply put, no. Fully automated solutions remain inadequately reliable — both inaccurate and incomplete.

If you need to rely on the accuracy of your auditor change data, only **Auditor✦Trak** provides data mediation by multiple professional researchers and multi-part Quality Assurance processes that assure high standards of accuracy and thoroughness (See item 5, above). And, remember, **Auditor✦Trak** provides data from multiple sources.

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11. Can't I just get the Auditor✦Trak data in *Public Accounting Report (PAR)*?

No **Auditor✦Trak** data is available in ***Public Accounting Report.*** Years ago, ***PAR*** did publish illustrative selections (never complete listings) of data from **Auditor✦Trak**.

12. Is the Auditor✦Trak data available in hard-copy form?

No. Some **Auditor✦Trak** data was published many years ago in hard-copy. It is no longer published or available in any hard-copy form.

13. How much does an Auditor✦Trak license cost?

Auditor✦Trak licenses are priced on a case-by-case basis, and pricing is based on a number of factors, most importantly including:

- Term of license (e.g., 14 days, one year, two years)
- Amount of historical data included (the "Base Data set"; e.g., months or years of historical data)
- Frequency of updates (e.g., weekly, monthly, quarterly, annually, one-time)
- Scope of Use, as defined below

Scope of Use addresses (a) the range of people and functions within the licensing organization who can or will benefit from the **Auditor✦Trak** data (not just the number of people who will, for example, actually do hands on work with the data files), (b) the way the data will be used, and (c) the specific purpose(s) for which it will be used.

In a public accounting firm, Scope of Use addresses, for example, whether the license is for unrestricted firm-wide use, for use just within a specific office location, for use by only a single functional department (e.g., Office of Professional Standards), or for use by only a single practice group (e.g., Telecommunications practice group) for competitive market share analysis. And, in each situation, the size of the firm, office, practice group or department also significantly impacts the cost. So, for example, if just one staffer in a firm's national headquarters is responsible for performing analyses and generating reports with the data but that person responds to inquiries and research requests from an entire practice group, the Scope of Use would be deemed practice group-wide.

In other settings, similar factors apply and pricing is customized to the specific Scope of Use and circumstances.

Accordingly, to prepare a price quotation, we will need to discuss with you the specific character of your desired Scope of Use, as well as the other factors noted above. This sounds complex but after a brief conversation, we can generally respond with a quotation in just a few hours.

14. How can I get a price quote?

The first step in getting a price quotation is to provide us with some basic information about your needs. This is accomplished by completing our simple and brief "Auditor✦Trak Site License Worksheet."

For a blank Worksheet, just call Customer Service (800-926-7926, extension 10) or send an email to: custserv@straffordpub.com. Complete the Worksheet and return it to us via email or fax at 404-881-0074. A representative will contact you promptly after we receive your Worksheet.

15. I am a university-based faculty member or student or represent another non-profit organization. We'll give Auditor✦Trak source credit in our work. Since we're a non-profit organization, can we get the data free?

We understand the resource limitations of many non-profit organizations and we do offer academic discount pricing for qualified uses. But, we are unable to provide data services on a complimentary basis.

We can tailor a license for a single-researcher working on a single project, multiple investigators at multiple institutions, or group or department-wide access to provide the data to all department faculty and student researchers under a single license arrangement.

16. I imagine most licenses are for one-year. Is there a discount for a longer license?

Absolutely. Significant discounts are available for longer license terms.

But, we can also provide licenses for one-time use for as little as 14 days. We welcome the opportunity to tailor a license to meet your particular needs.

17. If our firm gets a limited license now and wants later to add some other departments or move to a firm-wide license, can we apply the balance remaining on our existing license toward the fee on the newly-expanded license?

Yes. We will give full pro-rata credit for the balance remaining on your existing license toward a license of greater scope. However, this does not apply to getting multi-year discount pricing by extending the duration of a license already in force.

18. We have an emergency. We need Auditor✦Trak data immediately to address a professional compliance or standards problem or to support a proposal or special project. How quickly can we get the data?
We stand ready to meet your most urgent data needs. In an emergency, during regular business hours, we can generally transmit a data file within two hours of receiving an executed license agreement.

19. How can I get further information?
Call our Customer Service department at 800-926-7926 (or 404-881-1141), extension 10. Or email custserv@straffordpub.com. We can quickly provide any of the information below and respond to any other questions you may have.

a. For complete details on the data included in the **Auditor✦Trak** database, request the document "Description of Data Fields and Data Policy."

b. To examine and experiment with "live" data, request the "**Auditor✦Trak** Sample Data Extract". It includes a sample of 50 actual records in Microsoft Excel format and will give you a clear idea of just what information **Auditor✦Trak** includes.

c. To get a price quotation, request and return your completed "**Auditor✦Trak** Site License Worksheet" (by fax to 404-881-0074 or via email: custserv@straffordpub.com).

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Data Fields Included in
License Client Data Feeds

Fields related to an auditor change event:

Date of Auditor Change
Client Company Changing Auditors
Client Company “Central Index Key” code
Ticker Symbol
Client Company HQ City
Client Company HQ State
Client Company ZIP Code
Client Company Contact
Client Company Contact Phone
Client Company SIC (Standard Industry Classification)
Client Company Revenue or Assets
Client Company Revenue or Client Company Assets
Client Company FY (Fiscal Year)
Auditor’s opinion: Q, U, M (Last audit: Qualified, Unqualified, Modification), etc.
Number of Entities
Outgoing Auditor
Outgoing Auditor's City
Outgoing Auditor's State
Incoming Auditor
Incoming Auditor’s City
Incoming Auditor’s State
Outgoing Auditor Resigned or Dismissed (R/D)
Reason(s) for Auditor Change

Fields related to the client’s professional fee expense:

Client Company
Client Company “Central Index Key” (CIK)
Ticker Symbol
Fiscal Year applicable to fee data reported
Professional Service Type (up to ten categories)
Firm providing each professional service type
Fees paid for such professional service

Full details on the data included are available in the document “Description of Data Fields and Data Policy” (available from Strafford customer service at 800-926-7926, extension 10 or via email: custserv@straffordpub.com)

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