



Financial Restatements and Auditor Turnover

October 2025

From 2005 to 2024, Big R financial restatements occurred at a rate of around 3% per year.¹ On average, just under 30% of these restatements followed an auditor change in the previous year. As a point of reference, the average annual auditor-change rate across the broader population, which includes companies without Big R restatements, was 11%.

Findings

Figure 1 plots the number of companies with Big R restatements by announcement (calendar) year, along with the subset that changed auditors. For this analysis, a company is classified as having an *Auditor Change* if it switched auditors within the one-year period before the restatement announcement date; otherwise, it is classified as *No Auditor Change*. Figure 2 shows the annual percentage of the broader population of companies that changed auditors, including those without Big R restatements.

- Figure 1 shows that, over the 2005 to 2024 period, an average of 29% of companies with Big R restatements reported an auditor change in the year preceding the restatement.
- Figure 2 shows that, over 2005 to 2024, the auditor-change rate across the broader population ranged from 8% to 13% (averaging 11%), which is below the auditor-change rate of 29% among companies with Big R restatements.

Data

Office of Economic and Risk Analysis staff obtained audit opinion, financial restatement, and auditor dismissal data from Audit Analytics. Our analysis generally excludes 1940 Act filers, benefits plans, and restatements related to the SEC’s 2021 *Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (“SPACs”)*.

Figure 1. Big R Restatements and Auditor Turnover

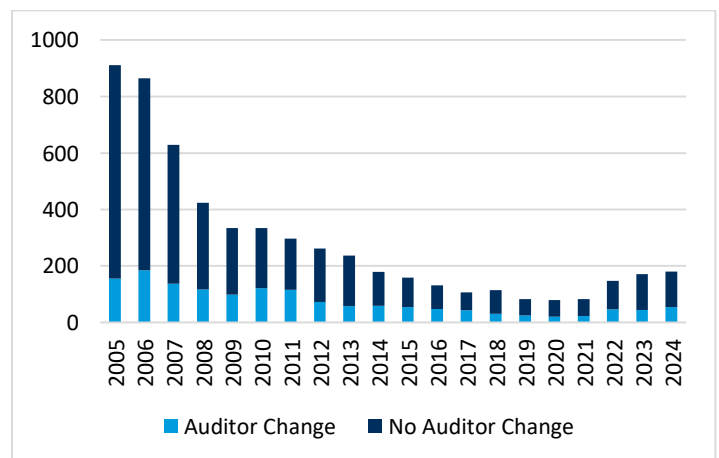
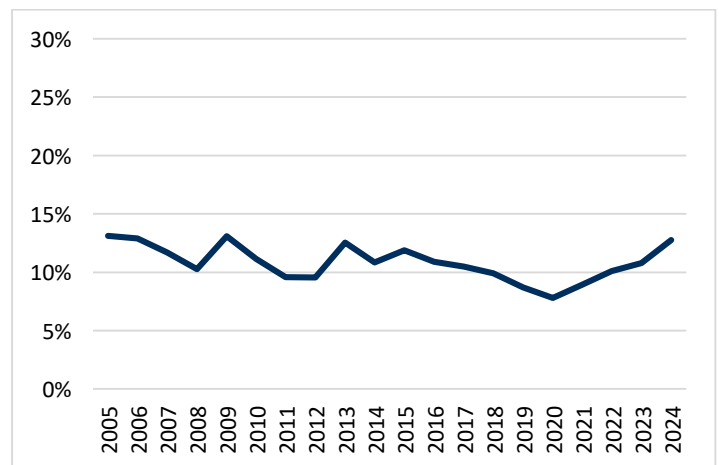


Figure 2. Auditor-Change Rate Across the Broader Population



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¹ A Big R restatement refers to a restatement disclosed in an SEC Form 8-K, Item 4.02.