



# CENTER FOR AUDIT QUALITY

*Serving Investors, Public Company Auditors, & the Markets*

**Center for Audit Quality (CAQ)**

**July 17-23, 2007**

**1,001 Investors Nationwide**

**Margin of Error: +/-3%**

In a telephone survey conducted July 17-23, 2007, The Glover Park Group asked a series of questions related to investing, the capital markets and Sarbanes-Oxley. The findings representing 1,001 investors nationally are included below.

With a sample of this size, one can say with 95% certainty that the results have a sampling error of +/- 3 percentage points of what they would be if the entire population of investors had been polled with complete accuracy.

## QUESTIONNAIRE

Q.1 Are you the person who is MOST, or at least equally, responsible for making the decisions about how to handle your household's savings and investments?

	<b>Total</b>
Yes, most .....	68
Yes, equally .....	32
No .....	-
(Don't know) (TERMINATE) .....	-
(Refused) (TERMINATE) .....	-

[n = 778]

Q.2 Generally speaking, would you say the economy in this country is heading in the right direction, or is it off on the wrong track?

	<b>Total</b>
Right direction .....	40
Wrong direction .....	48
(Mixed) .....	7
(Don't know) .....	4
(Refused) .....	0

Q.3 In order to make sure our sample represents various types of investors, I need to know, do you, or does anyone else in your household, own any stocks, bonds, or mutual funds in an investment account, or in a self-directed IRA or 401(k) retirement account?

	<b>Total</b>
Yes .....	100
No (TERMINATE) .....	-
Don't know (TERMINATE) .....	-
(Refused) (TERMINATE) .....	-

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Q.4 Thinking for a moment about the total value of all these stocks, bonds and investment accounts, would you say the total amount is worth less than \$10,000, or is the total worth \$10,000 or more?

	<b>Total</b>
Less than \$10,000 (TERMINATE) .....	-
\$10,000 or more .....	100
(Don't know) (TERMINATE) .....	-
(Refused) (TERMINATE) .....	-

Q.5 Would you say the total value is worth? (READ LIST)

	<b>Total</b>
\$10,000 to \$49,999 .....	22
\$50,000 to \$74,999 .....	11
\$75,000 to \$99,999 .....	8
\$100,000 to \$149,999 .....	8
\$150,000 or more .....	34
(Don't know) .....	4
(Refused) .....	13

We understand that each individual participating in this survey will have a different level of knowledge and experience. We are looking for a broad range of opinions and are interested in your thoughts based on what you know or may have heard about the topics presented in this survey.

Q.6 At the current time, how much confidence would you say you have in U.S. capital markets? Would you say you have...?

	<b>Total</b>
A great deal of confidence .....	14
Quite a bit of confidence .....	25
Some confidence .....	45
Very little confidence, OR .....	11
No confidence at all .....	2
(Don't know) .....	2
<b>Great deal/quite a bit .....</b>	<b>39</b>
<b>Very little/no .....</b>	<b>14</b>

Q.7 And, at the current time, how much confidence would you say you have in capital markets outside of the U.S.? Would you say you have...?

	<b>Total</b>
A great deal of confidence .....	4
Quite a bit of confidence .....	18
Some confidence .....	43
Very little confidence, OR .....	19
No confidence at all .....	8
(Don't know) .....	9
<b>Great deal/quite a bit .....</b>	<b>22</b>
<b>Very little/no .....</b>	<b>27</b>

[n = 413]

Q.8 You indicated that you have MORE confidence in U.S. capital markets compared to other capital markets. For what reasons do you have MORE confidence in U.S. capital markets?  
(Record verbatim response)

[n = 125]

Q.9 You indicated that you have LESS confidence in U.S. capital markets compared to other capital markets. For what reasons do you have LESS confidence in U.S. capital markets?  
(Record verbatim response)

Q.10 As you may know, all publicly traded companies in the U.S. are required to put out regular financial reports. Before they are published, certain information in these reports is required by law to be audited by an external public company audit firm. Based on what you know, how much confidence do you personally have in audited financial information released by publicly traded U.S. companies? Would you say you have...?

	<b>Total</b>
A great deal of confidence .....	8
Quite a bit of confidence .....	30
Some confidence .....	42
Very little confidence, OR .....	13
No confidence at all .....	3
(Don't know) .....	4
<b>Great deal/quite a bit .....</b>	<b>38</b>
<b>Very little/no .....</b>	<b>16</b>

As you may know, in 2002 following several corporate scandals such as WorldCom and Enron, Congress passed the Sarbanes-Oxley Act. This legislation, commonly called SOX (SOCKS), was designed to reduce the likelihood of future corporate fraud scandals by introducing new or enhanced standards for all U.S. public company boards, management, and public company audit firms.

Q.11 Based on what you know today, would you say that the passage of SOX was a...?  
(ROTATE 1st/3rd choices)

	<b>Total</b>
Good idea .....	56
Made no difference .....	30
Bad idea .....	5
(Don't know) .....	10
<b>Good - bad .....</b>	<b>51</b>

Q.12 In general, would you say that you have more or less confidence in audited financial information released by publicly traded U.S. companies than you used to? Would you say you have...?

	<b>Total</b>
A great deal more confidence .....	9
A little more .....	51
A little less .....	17
A great deal less .....	5
(No change) .....	14
(Don't know) .....	4
<b>Total more</b> .....	<b>60</b>
<b>Total less</b> .....	<b>22</b>
<b>More - less</b> .....	<b>38</b>

Q.13 Some have argued that the rules mandated by SOX regarding the controls around how companies prepare their financial statements and how external public company audit firms audit those controls have created a major new cost for U.S. businesses and made them less competitive in the global market. Based on what you know, would you say that these rules should be eased to reduce the costs of compliance on U.S. businesses, or left fundamentally as they are today?

Is that definitely should be or probably should be (eased / left fundamentally as they are)?

	<b>Total</b>
Definitely should be eased .....	10
Probably should be eased .....	13
Probably should be left fundamentally as they are .....	32
Definitely should be left fundamentally as they are .....	30
(Don't know) .....	16
<b>Total should be eased</b> .....	<b>22</b>
<b>Total left as they are</b> .....	<b>62</b>
<b>Left as are - eased</b> .....	<b>39</b>

Q.14 How concerned, if at all, would you be if the Sarbanes-Oxley Act was eased?

	<b>Total</b>
Very concerned .....	21
Somewhat concerned .....	45
Not very concerned .....	15
Not at all concerned .....	9
(Don't know) .....	9
<b>Total concerned</b> .....	<b>66</b>
<b>Total not concerned</b> .....	<b>25</b>
<b>Concerned - not</b> .....	<b>41</b>

Q.15 Now I would like you to evaluate the effect of specific changes mandated by the Sarbanes-Oxley Act to improve the quality of audited financial information. Would you say that each of these changes has had a positive or negative effect on the quality of audited financial information?

Is that very or somewhat (positive/negative)?

	Very Pos	Smwt Pos	Smwt Neg	Very Neg	No Effect	Not Aware	Don't Know	Total Pos	Total Neg	Pos – Neg
15.1 Public companies required to establish audit committees directly responsible for auditor appointment, compensation and oversight that are independent from the company and include a "financial expert" ....	29	50	4	2	3	2	9	79	6	72
15.2 External auditors are no longer hired and compensated by company management, but report to independent audit committees of the board of directors.....	36	40	7	3	3	2	9	76	10	66
15.3 Oversight and inspection of external auditors by the PCAOB (Public Company Accounting Oversight Board), an agency created to oversee the audits of public companies, with inspection report findings made available to the public on a regular basis .....	28	48	6	2	4	2	10	76	8	68
15.4 External auditors prohibited from providing some consulting services to companies they also provide auditing services to...	28	36	13	6	3	3	10	64	20	45
15.5 Public companies required to evaluate and disclose the effectiveness of their internal financial reporting procedures (known as internal controls), with their external auditors required to attest to such disclosure....	26	50	6	1	3	3	10	76	8	68
15.6 Certification of financial reports before they can be released by the chief executive officer (CEO) and chief financial officer (CFO) at publicly traded companies	32	42	9	2	5	3	8	74	11	63

Q.16 Knowing that these changes have taken place, do you have more or less confidence in audited financial information in the U.S.? Would you say you have...?

	<b>Total</b>
A great deal more confidence .....	15
A little more .....	64
A little less .....	8
A great deal less .....	3
(No change) .....	8
(Don't know) .....	2
<b>Total more</b> .....	<b>79</b>
<b>Total less</b> .....	<b>11</b>
<b>More - less</b> .....	<b>68</b>

Now, just a few final questions for background and statistical purposes...

Q.17 Gender

	<b>Total</b>
Male .....	50
Female .....	50

Q.18 What is your approximate age?

	<b>Total</b>
18-24 years .....	1
25-29 years .....	2
30-34 years .....	5
35-39 years .....	8
40-44 years .....	8
45-49 years .....	10
50-54 years .....	14
55-59 years .....	12
60-64 years .....	11
65-69 years .....	8
70-74 years .....	8
75 and over .....	11
(Don't know) .....	-
(Refused) .....	1

Q.19 What is the highest level of education you have completed?

	<b>Total</b>
Less than high school .....	1
High school graduate .....	17
Trade/Technical/Vocational training .....	3
Some college .....	21
College graduate .....	32
Post graduate (e.g., MA, MBA, JD, MD, PhD) .....	24
(Don't know) .....	-
(Refused) .....	1

Q.20 Are you currently employed full-time outside the home, employed part-time, self-employed, looking for a job, are you a homemaker, a student or retired?

	<b>Total</b>
Employed full-time .....	48
Employed part-time .....	7
Self-employed .....	8
Looking for work/unemployed .....	1
Homemaker .....	5
Student .....	0
Retired .....	31
(Don't know) .....	0
(Refused) .....	1

Q.21 What is your total annual household income before taxes?

	<b>Total</b>
Under \$20,000 .....	4
\$20,000 to \$29,999 .....	4
\$30,000 to \$39,999 .....	7
\$40,000 to \$49,999 .....	7
\$50,000 to \$59,999 .....	10
\$60,000 to \$74,999 .....	10
\$75,000 to \$99,999 .....	16
\$100,000 to \$149,999 .....	14
\$150,000 to \$199,999 .....	5
\$200,000 to \$249,999 .....	2
\$250,000 or more .....	3
(Don't know) .....	2
(Refused) .....	15

Q.22 Are you currently registered to vote?

	<b>Total</b>
Yes .....	96
No .....	3
(Don't know) .....	-
(Refused) .....	1

Q.23 Generally speaking, do you think of yourself as...?

	<b>Total</b>
Republican (SKIP TO Q25) .....	33
Democrat (SKIP TO Q25) .....	28
Independent .....	25
(Other) .....	4
(No preference) .....	6
(Don't know) .....	1
(Refused) .....	2

[n = 383]

Q.24 As of today, do you lean to the Republican party or the Democratic party?

	<b>Total</b>
Republican .....	25
Democrat .....	31
(Neither) .....	33
(Other) .....	1
(Don't know) .....	5
(Refused) .....	4

Q.23/24 Combined

	<b>Total</b>
Republican .....	33
Lean Republican .....	9
Independent .....	13
Lean Democrat .....	12
Democrat .....	28
(Other) .....	0
(Don't know) .....	2
(Refused) .....	2

Q.25 Are you, yourself, of Hispanic origin or descent, such as Mexican, Puerto Rican, Cuban or other Spanish background?

	<b>Total</b>
Yes (SKIP TO Q27) .....	2
No .....	97
(Don't know) .....	-
(Refused) .....	1

[n = 979]

Q.26 What is your race? Are you...?

	<b>Total</b>
White .....	89
African-American/Black .....	4
Asian (e.g., Chinese, Japanese, Korean, Pacific Islander) .....	2
American Indian/Native American .....	1
Other .....	2
(Don't know) .....	0
(Refused) .....	2

Q.25/26 Combined

	<b>Total</b>
White .....	87
African-American/Black .....	3
Hispanic .....	2
Asian (e.g., Chinese, Japanese, Korean, Pacific Islander) .....	2
American Indian/Native American .....	1
Other .....	2
(Don't know) .....	0
(Refused) .....	2

Q.27 How would you describe your political ideology?

	<b>Total</b>
Liberal .....	18
Moderate .....	39
Conservative .....	39
(Don't know) .....	2
(Refused) .....	2

Q.28 Which of the following types of long-term financial investments do you or does anyone else in your household have?

	<b>Total</b>
An employer sponsored 401k, 403b or similar employer sponsored retirement plan .....	69
Individual retirement accounts such as Roth IRA or regular IRA .....	63
Mutual funds .....	59
Individual company stocks .....	50
Bonds .....	32
(Don't know) .....	1
(Refused) .....	3

Q.29 Thinking about making changes to your investment portfolio, which of the following best describes your typical approach?

	<b>Total</b>
You actively participate in your investment decisions. You decide when and how to make changes to your portfolio and execute the changes on your own. ....	35
You actively participate in your investment decisions. You decide when and how to make changes to your portfolio, then call your broker/money manager to execute the changes. ....	27
You typically follow the advice of your broker/money manager in making investment decisions. ....	32
(Don't know) .....	2
(Refused) .....	3

Q.30 And, using a scale from 1 to 5, where 1 means you disagree completely and 5 means you agree completely, how much do you agree or disagree with the following statement?

I consider myself a very experienced investor.

	<b>Total</b>
<i>Mean</i> .....	2.88
1 - Disagree completely .....	12
2 .....	19
3 .....	45
4 .....	14
5 - Agree completely .....	8
(Don't know) .....	0
(Refused) .....	2
<b>Total disagree</b> .....	<b>30</b>
<b>Total agree</b> .....	<b>22</b>

Q.31 In what state do you reside?

	<b>Total</b>
Northeast .....	20
Midwest .....	25
South .....	36
West .....	19

Thank you! Those are all the questions that we have for you.