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Auditor’s report sentiment and busy season

This paper addresses the existence of a link between the season overrun and the sentiment of audit reporting. We based our study on the archived data of 10-K reports filed to the Security Exchange Commission. The sample consists of 65511 reports for the period 1993-2016. We combined the text mining with panel and quantile regression and control for the formal type of the audit report. Our results show that audit reports are not homogenous in sentiment.

We document the existence of a robust link between the busy season and audit opinion sentiment. We raise the concern that extending audit reports can impair the consistency of factual and emotional communication. Policy-setters and supervisory bodies might benefit from this research while formulating policies on changes to the audit reporting paradigm.