

**EXCESSIVE AUDIT FEES AND EARNINGS QUALITY: AN INTERNATIONAL STUDY**

Jun Zhan, Governors State University

[dx.doi.org/10.18374/JIFE-14-2.13](https://doi.org/10.18374/JIFE-14-2.13)

**ABSTRACT**

This study reexamines the association between earnings quality and excessive audit fees by using the positive unexpected audit fees. Different from prior studies examining fee-quality association in one country context, this study use data from 13 countries to investigate how litigation risk impacts the association between earnings quality and audit fees. I find a significant relation between magnitude of accruals and positive unexpected audit fees across countries. In addition, the relation is more pronounced with low litigation risk countries, which indicates that the association between audit fees and earnings quality is mediated by country-level litigation risks.

Keywords: *Audit independence, unexpected audit fees, litigation risk, earnings quality*