Research Notes: Paddy Sivadasan and Ira Solomon

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Ira Solomon

Paddy Sivadasan and Ira Solomon's paper "Audit fee residuals: costs or rents?" has been accepted for publication in the Review of Accounting Studies. The paper, co-authored with Rajib Dooger of the University of Washington-Bothell, suggests that fee residuals largely consist of researcher-unobserved audit production costs and

are likely to be poor proxies for rents. This finding provides valuable guidance for how fee residuals should be used in future research, indicates promising avenues for future audit fee research, improves the ability to predict expected audit fees from past fee data and clarifies the policy implications that can reliably be drawn from extant and future fee-residuals-based research. Sivadasan is an assistant professor of accounting at the Freeman School and Solomon is dean and Debra and Rick Rees Professor of Business.