

COMPLIANCE WEEK

Data Research Division, powered by **AUDIT ANALYTICS®**



Accounting Quality + Risk Matrix

A report by **AUDIT ANALYTICS®**

Thank You & A Brief Introduction

Thank you for your interest in Compliance Week, the leading information service on corporate governance, risk, and compliance. We hope you find the following report compelling and useful in its content. Please read on for the methodology behind the analysis. The Compliance Week Data Research Division is powered by data from our partner Audit Analytics. This report provides a view into the type of data available, and we invite you to inquire about other services such as peer benchmarking, custom analysis, and project consulting. Inquiries for research may be sent to Elizabeth Sucher at elizabeth.sucher@complianceweek.com or 617-570-8605.

Accounting Quality + Risk Matrix, by Audit Analytics

The Accounting Quality + Risk Matrix, or AQRM, is a U.S. public equities research and due diligence tool available through Audit Analytics and as an app on the Bloomberg Terminal. It is designed to quickly identify and understand qualitative and contextual metrics of governance and reporting quality. Red flags and events highlighted in the risk matrix are used for screening, idea generation, portfolio monitoring, and risk management for every SEC registrant.

Current Flag Offering

Using a combination of industry-standard metrics and proprietary analysis, informed by the latest research in the accounting field, we highlight *notable*, *significant*, and *critical* events and anomalies.

The Accounting Quality + Risk Matrix is organized around five basic categories of metrics and events: (1) Financial Reporting, (2) Controls, (3) Insiders, (4) Stakeholders, and (5) Auditors.

Financial Reporting	Controls	Stakeholders
<ul style="list-style-type: none">Financial Restatements	<ul style="list-style-type: none">Internal Controls (SOX 404)	<ul style="list-style-type: none">Shareholder Activism
<ul style="list-style-type: none">Out-of-Period Adjustments	<ul style="list-style-type: none">Disclosure Controls (SOX 302)	<ul style="list-style-type: none">Litigation
<ul style="list-style-type: none">Changes in Accounting Estimates	<ul style="list-style-type: none">Late Filings	Auditors
<ul style="list-style-type: none">Accounting Disclosure Complexity	Insiders	<ul style="list-style-type: none">Auditor Tenure
<ul style="list-style-type: none">Deviation from Benford’s Law	<ul style="list-style-type: none">CEO Changes	<ul style="list-style-type: none">Auditor Ratification
<ul style="list-style-type: none">Altman Z-Score	<ul style="list-style-type: none">CFO Changes	<ul style="list-style-type: none">Auditor Changes
<ul style="list-style-type: none">Beneish M-Score		<ul style="list-style-type: none">Audit Fees – Significant Changes
		<ul style="list-style-type: none">Audit Opinion – Going Concerns















Quickly review the history of a company's reportable events, including proprietary data sets such as Financial Restatements, Out-of-period adjustments, and changes in accounting estimates. Our in-depth information and analysis on these events is also presented, to minimize digging through SEC filings for useful information.

About Audit Analytics




Audit Analytics is the leader in audit and disclosure intelligence. Top global and national accounting firms, financial institutions, regulators, and universities rely on Audit Analytics data and insight to gain a competitive edge. Audit Analytics data is used for risk monitoring, market intelligence, business prospecting, and archival research.

ABC123 AQRM Report

Accounting Quality + Risk Matrix (AQRM) Company ABC123

Flag Name	2015	2014	2013	2012	2011
AUDITORS					
Auditor Ratification - Significant Vote Against					
Audit Fees - Significant Change					
Auditor Change					
Audit Opinion - Going Concern					
FINANCIAL REPORTING					
Restatement					
Out-of-Period Adjustment					
Change in Accounting Estimates					
Accounting Disclosure Complexity					
Deviation from Benford's Law					
Altman Z-Score					
Beneish M-Score					
CONTROLS					
Internal Controls - Adverse					
Disclosure Controls - Adverse					
Late Filings					
STAKEHOLDERS					
Shareholder Activism					
Litigation - Shareholder Class Action					
Litigation - Intellectual Property					
Litigation - Regulatory					
INSIDERS					
CEO Change					
CFO Change					

Severity:

 = Notable |  = Significant |  = Critical

ABC123 AQRM Report

AQRM Red Flag Details

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CFO Changes	21
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Financial Reporting

Restatements

2014

Type Non-Reliance Restatement (Qualitative)

Period 01/01/2013 to 12/31/2013

Auditor Letter or Discussion Yes

Board or Audit Committee Involvement Yes

SEC (or Other Regulatory) Investigation No

Financial Statement Impact Negative

Net Income (Cumulative Change (\$)) \$-154,000,000

Stockholder Equity (Cumulative Change (\$)) \$-54,000,000

Reasons/Issues Accounting Rule (GAAP/FASB) Application Failures

- Revenue recognition issues
- Tax expense/benefit/deferral/other (FAS 109) issues
- Inventory, vendor and/or cost of sales issues

Related Disclosures

05/05/2014 [8-K](#)

05/05/2014 Press Release

05/13/2014 [NT 10-Q](#)

05/30/2014 [10-K/A](#)

11/04/2014 [10-Q](#)

02/27/2015 [10-K](#)

ABC123 AQRM Report

Text of Restatement:

COMPANY ABC123

ITEM 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

In connection with the preparation of Company ABC123's Form 10-Q for the three months ending March 31, 2014, we determined that the estimated costs to complete seven Canadian pipe fabrication and module assembly contracts within our Services business segment that were awarded during 2012-2013 will result in pre-tax charges of \$158 million, consisting of the reversal of \$23 million in previously recognized pre-tax profits and the recognition of approximately \$135 million in pre-tax estimated losses at completion. Our review of this matter is ongoing and therefore the amounts previously noted are subject to change. We believe, subject to further review, that the majority of these losses should have been recognized in our consolidated financial statements as of and for the year ended December 31, 2013.

The seven contracts in question are with third-party clients and do not impact other COMPANY ABC123 projects. Six of the contracts will be completed during 2014 or in early 2015. The seventh contract is a master services type agreement that provides our client with the right, but not the obligation, to place new pipe fabrication and module assembly orders until 2017. The pre-tax losses noted above include estimated losses only for work released to us through March 31, 2014. Future work orders, if any, will be accounted for at the time of each release. We have begun discussions with our client under the master services agreement regarding a market-based cost adjustment. At this time, we can provide no assurance that such discussions will be successfully concluded. The negative cash impact associated with the work released to date under the seven contracts has largely been incurred and the forecast net negative cash flow to complete this work is expected to be less than \$45 million. The estimated losses noted above do not assume recovery from clients for quantity and/or cost increases caused by client-directed actions. We believe we are entitled to certain recoveries from our clients but since collection remains uncertain, we will record any such recoveries if, and when, mutually agreed.

COMPANY ABC123's self-perform pipe fabrication and module assembly activities are limited to our Edmonton, Alberta operations. The contracts referenced herein were part of a rapid expansion of work at these operations and resulted in increased internal and external costs and adversely impacted our historical module assembly productivity rates.

Separately, during the preparation of our Form 10-Q for the three months ending March 31, 2014, we identified an overstatement error in our revenue recognition on a long-term construction project approximating \$9.0 million pre-tax (\$6.3 million after tax) and an error which resulted in an understatement of our income tax provision of approximately \$6.5 million that had not been properly included in the Consolidated Statement of Income for the year ended December 31, 2013.

As a result of the errors described above, on May 1, 2014, the Audit Committee of the Board of Directors of COMPANY ABC123, in consultation with and based on the recommendation of management, concluded that COMPANY ABC123's consolidated financial statements as of and for the year ended December 31, 2013 should be restated to correct for the aforementioned errors and that, accordingly, COMPANY ABC123's previously issued consolidated financial statements for 2013 should no longer be relied upon. Additionally, COMPANY ABC123's earnings and press releases and similar communications should no longer be relied upon to the extent that they relate to these consolidated financial statements. As soon as practicable, we expect to amend COMPANY ABC123's Form 10-K for the year ended December 31, 2013 to restate the financial statements and correct the errors identified herein, and to revise related information, including our discussion of COMPANY ABC123's internal controls and procedures. As a result, we will not file COMPANY ABC123's 10-Q for the three months ending March 31, 2014 until after filing of the amended Form 10-K. Given the ongoing nature of our review, the forecast filing date for the amended 2013 Form 10-K and Form 10-Q for the three months ending March 31, 2014 is uncertain. COMPANY ABC123's management is continuing to review these matters to ensure it has determined the causes for these errors and will continue to consider the effect of these errors on our prior conclusions regarding our internal control over financial reporting and disclosure controls and procedures as of the end of the applicable period. We will amend, as necessary, any disclosures pertaining to our evaluation of such controls and procedures in connection with our amended Annual Report on Form 10-K for the year ended December 31, 2013, and in our Form 10-Q for the three months ending March 31, 2014.

As described in Item 2.04 above, we are working closely with our bank syndicate to timely address any and all compliance matters related to our credit agreement and other financial arrangements.

ABC123 AQRM Report

The COMPANY ABC123 Audit Committee, comprised of members of its Board of Directors, has retained independent legal and accounting advisors to review these matters and to advise the Committee, which is in addition to the review being conducted by COMPANY ABC123's management. The Audit Committee has discussed the matters described in this Current Report with AUDITOR LLP, COMPANY ABC123's independent registered public accounting firm.

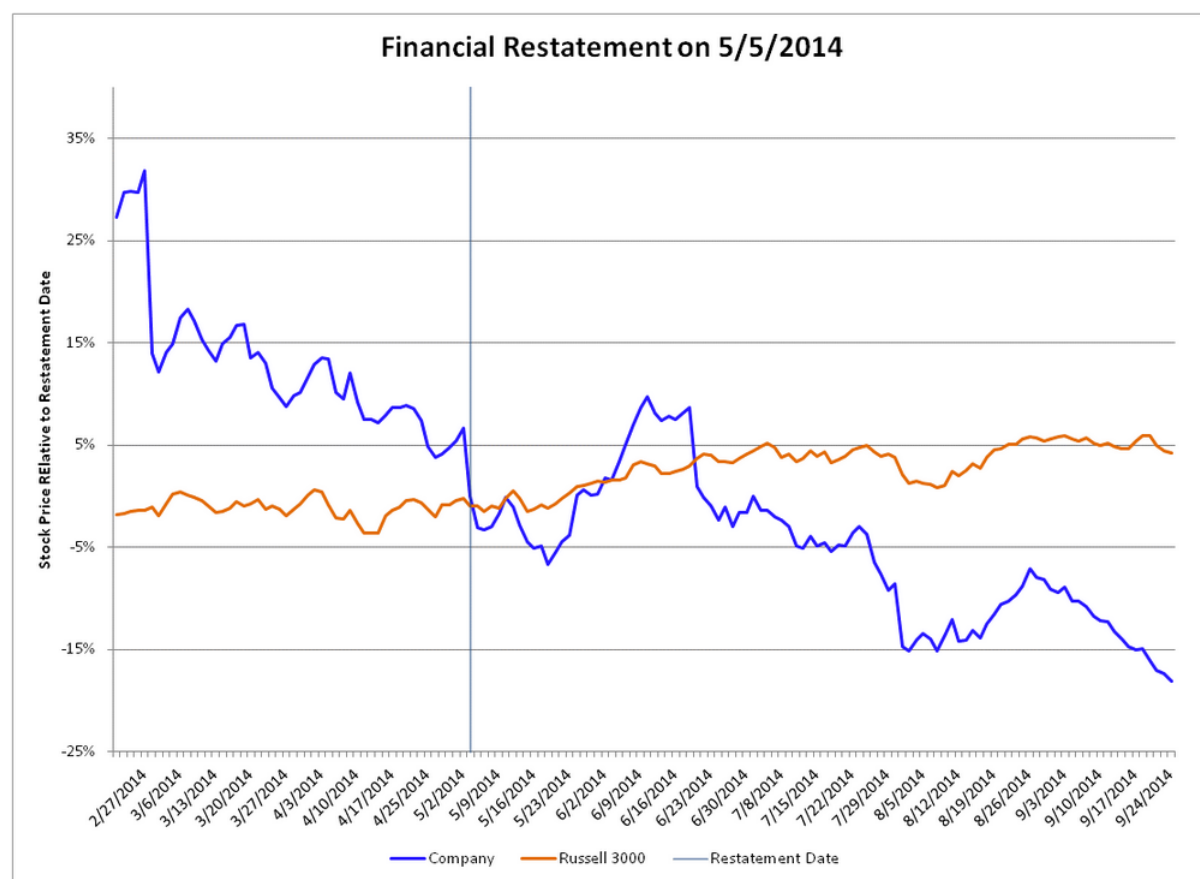
As a result of the above items, COMPANY ABC123 is also withdrawing its previously issued guidance for 2014. We expect to provide updated guidance later this year. In keeping with our previously announced intent to return capital to shareholders, between February 27, 2014 and April 30, 2014, COMPANY ABC123 repurchased approximately 3.4 million shares of its common stock at an average price of \$27.29 for a total of \$94 million.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Company ABC123 press release dated May 5, 2014 entitled, "Company ABC123 Announces Intention to Restate Consolidated Financial Statements for the Year 2013"

Stock Price Relative to the Share Price on the First Announcement Date.*



*Stock Charts display the period 50 days prior to and 100 days following the first announcement.

ABC123 AQRM Report

Out-of-Period Adjustments

2014

Type Revision Restatement (Qualitative)

Period 10/01/2013 to 12/31/2013

Auditor Letter or Discussion Not Disclosed

Board or Audit Committee Involvement Not Disclosed

SEC (or Other Regulatory) Investigation No

Financial Statement Impact Negative

Net Income (Cumulative Change (\$)) **\$-17,000,000**

Stockholder Equity (Cumulative Change (\$))

Reasons/Issues

Accounting Rule (GAAP/FASB) Application Failures:

- Revenue recognition issues
- Consolidation issues incl Fin 46 variable interest & off-B/S
- Consolidation, foreign currency/inflation (subcategory) issues

Related Disclosures

02/27/2014 10-K

05/30/2014 10-K/A

2012

Type Revision Restatement (Qualitative)

Period 07/01/2012 to 09/30/2012

Auditor Letter or Discussion Not Disclosed

Board or Audit Committee Involvement Not Disclosed

SEC (or Other Regulatory) Investigation No

Financial Statement Impact Negative

Net Income (Cumulative Change (\$)) **\$-3,000,000**

Stockholder Equity (Cumulative Change (\$))

Reasons/Issues

Accounting Rule (GAAP/FASB) Application Failures

- Tax expense/benefit/deferral/other (FAS 109) issue

Related Disclosures

10/24/2012 10-Q

02/20/2013 10-K

10/24/2013 10-Q

ABC123 AQRM Report

Changes in Accounting Estimates

2015

Item 1

Period Ending 12/31/2014

Effect Negative

Effective Date 12/31/2014

Impact on Income (USD)
Pre-Tax(P) / Net(N) NA

YTD Impact on Income
(USD) Pre-Tax(P) /
Net(N) \$-173,000,000 (P)

Impact on EPS Basic(B) /
Diluted(D) NA

YTD Impact on EPS
Basic(B) / Diluted(D) NA

Reasons for Change Revenue Recognition - contract accounting including percentage-of-completion

Disclosures 02/27/2015 [10-K](#)

Disclosure Text

Changes in Estimates. There are many factors, including, but not limited to, the availability and costs of resources, including labor, materials and equipment; productivity and weather, that can affect the accuracy of our cost estimates and ultimately our future profitability. In the past, we have realized both lower and higher than expected margins and have incurred losses as a result of unforeseen changes in our project costs. We recognize revisions of revenues and costs in the period in which the revisions are known. This may result in the recognition of costs before the recognition of related revenue recovery, if any. However, historically, our estimates have been reasonably dependable regarding the recognition of revenues and profit on percentage of completion contracts. During 2014, we recognized revisions in our estimate of costs to complete three projects in our power business included in our Non-strategic Business segment. Such revisions resulted in a decrease in gross profit of \$173 million for the year ended December 31, 2014 and resulted in two of these projects becoming loss projects. The reserve for estimated losses on uncompleted contracts at December 31, 2014 includes \$80 million related to these two power projects. Our estimate of revenues and costs at completion for these power projects have been, and may continue to be, impacted by our performance, the performance of our subcontractors, and the U.S. labor market. Our estimated profit and losses as of December 31, 2014 on these power projects represent our best estimate based on current information. Actual results could differ from the estimates we have used to account for these power projects as of December 31, 2014.

2014

Item 1

Period Ending 09/30/2014

Effect Negative

Effective Date 09/30/2014

ABC123 AQRM Report

Impact on Income (USD) Pre-Tax(P) / Net(N)	\$-51,000,000 (P)
YTD Impact on Income (USD) Pre-Tax(P) / Net(N)	\$-91,000,000 (P)
Impact on EPS Basic(B) / Diluted(D)	NA
YTD Impact on EPS Basic(B) / Diluted(D)	NA
Reasons for Change	Revenue Recognition - contract accounting including percentage-of-completion
Disclosures	11/04/2014 10-Q
Disclosure Text	<p>Changes in Estimates There are many factors, including, but not limited to, the availability and costs of labor, materials and equipment, and resources, productivity, and weather, that can affect the accuracy of our cost estimates, and ultimately, our future profitability. In the past, we have realized both lower and higher than expected margins and have incurred losses as a result of unforeseen changes in our project costs. However, historically, our estimates have been reasonably dependable regarding the recognition of revenues and profit on percentage of completion contracts. Our Services business segment recognized revisions in our estimates of losses at completion on our Canadian pipe fabrication and module assembly projects of \$80 million during the nine months ended September 30, 2014. All of these projects were in loss positions at September 30, 2014 and December 31, 2013. Our estimates of revenues and costs at completion on these projects have been, and may continue to be, impacted by our performance, the performance of our subcontractors, the Canadian labor market, the nature, complexity and material quantities of modules outlined on drawings submitted by our customers, our contractual arrangements and our ability to accumulate information and negotiate final contract settlements with our customers. We recognize revisions of revenues and costs in the period in which the revisions are known. This may result in the recognition of costs before the recognition of related revenue recovery, if any. Our estimated losses as of September 30, 2014 on these projects represent our best estimate based on current information. Actual results could differ from the estimates we have used to account for these projects as of September 30, 2014. During the three and nine months ended September 30, 2014, our IGP business segment recognized revisions in estimates of costs at completion of \$33 million and \$47 million, respectively, on a power project in North America. Additionally, our Hydrocarbons business segment recognized revisions in estimates of costs at completion of \$18 million in the three and nine months ended September 30, 2014 on a North American EPC project reflecting higher estimated costs at completion. Both of these projects were in loss positions at September 30, 2014. We recognized revisions in estimates primarily associated with approved man hours which resulted in a \$21 million positive impact on the gross profit of our Gas Monetization business segment. Additionally, our Gas Monetization business segment recognized revisions in estimates resulting from a favorable settlement of claims which had a \$33 million net positive impact on gross profit. Both of these revisions to estimates were recognized in the first quarter of 2014. Significant revisions to contract estimates as a result of client-driven revised project man-hour estimates had a \$90 million positive impact during the three months ended September 30, 2013 and a \$141 million positive impact during the nine months ended September 30, 2013 on the gross profit of our Gas Monetization business segment.</p>
Item 2	
Period Ending	06/30/2014
Effect	Negative
Effective Date	06/30/2014
Impact on Income (USD) Pre-Tax(P) / Net(N)	\$-41,000,000 (P)
YTD Impact on Income (USD) Pre-Tax(P) / Net(N)	\$-28,000,000 (P)

ABC123 AQRM Report

Impact on EPS Basic(B) / Diluted(D)	NA
YTD Impact on EPS Basic(B) / Diluted(D)	NA
Reasons for Change	Revenue Recognition - contract accounting including percentage-of-completion
Disclosures	07/31/2014 10-Q
Disclosure Text	<p>Changes in Estimates There are many factors, including, but not limited to, the availability and costs of labor, materials and equipment, and resources, productivity, and weather, that can affect the accuracy of our cost estimates, and ultimately, our future profitability. In the past, we have realized both lower and higher than expected margins and have incurred losses as a result of unforeseen changes in our project costs. However, historically, our estimates have been reasonably dependable regarding the recognition of revenues and profit on percentage of completion contracts. Our Services business segment recognized revisions in our estimates of losses at completion on our Canadian pipe fabrication and module assembly projects of \$41 million and \$82 million during the three and six months ended June 30, 2014, respectively. All of these projects were in loss positions at June 30, 2014 and December 31, 2013. Our estimates of revenues and costs at completion on these projects have been, and may continue to be, impacted by our performance, the performance of our subcontractors, the Canadian labor market, the nature and complexity of modules submitted by our customers, our contractual arrangements and our ability to accumulate information and negotiate final contract settlements with our customers. We recognize revisions of revenues and costs in the period in which the revisions are determined. This may result in the recognition of costs before the recognition of related revenues recovery, if any. Our estimated losses as of June 30, 2014 on these projects represent our best estimate based on current information. Actual results could differ from the estimates we have used to account for these projects as of June 30, 2014. During the six months ended June 30, 2014, we recognized revisions in estimates associated with approved man hours and other revisions in estimates which had a \$21 million positive impact on the gross profit of our Gas Monetization business segment. Additionally, our Gas Monetization business segment recognized revisions in estimates resulting from a favorable settlement of claims which had a \$33 million net positive impact on gross profit. Both of these revisions to estimates were recognized in the first quarter of 2014. Significant revisions to contract estimates as a result of client-driven revised project man-hour estimates had a \$13 million positive impact during the three months ended June 30, 2013 and a \$51 million positive impact during the six months ended June 30, 2013 on the gross profit of our Gas Monetization business segment.</p>
Item 3	
Period Ending	03/31/2014
Effect	Positive
Effective Date	03/31/2014
Impact on Income (USD) Pre-Tax(P) / Net(N)	\$13,000,000 (P)
YTD Impact on Income (USD) Pre-Tax(P) / Net(N)	NA
Impact on EPS Basic(B) / Diluted(D)	NA
YTD Impact on EPS Basic(B) / Diluted(D)	NA
Reasons for Change	Revenue Recognition - contract accounting including percentage-of-completion
Disclosures	06/19/2014 10-Q

ABC123 AQRM Report

Disclosure Text	<p>Changes in Estimates There are many factors, including, but not limited to, the availability and costs of labor, materials and equipment, and resources, productivity, and weather, that can affect the accuracy of our cost estimates, and ultimately, our future profitability. In the past, we have realized both lower and higher than expected margins and have incurred losses as a result of unforeseen changes in our project costs; however, historically, our estimates have been reasonably dependable regarding the recognition of revenue and profit on percentage of completion contracts. Our Services business segment recognized revisions in our estimates of losses at completion on our Canadian pipe fabrication and module assembly projects of \$41 million during the three months ended March 31, 2014. As described in our Amendment No. 1 ("Form 10-K/A") to our Form 10-K for the fiscal year ended December 31, 2013, we recognized pre-tax charges of \$156 million as of December 31, 2013 related to the identification of additional estimated costs to complete our Canadian pipe fabrication and module assembly projects. The additional losses recognized on these projects during the three-months ended March 31, 2014 were a result of (i) estimated losses on a new project contracted in December 2013, (ii) significant increases in quantities on one project as a result of design and quantity changes during the quarter which are currently not considered recoverable from the customer, (iii) estimated subcontractor costs due to design changes and delays, and (iv) estimated costs associated with recent productivity results. All of these projects are in loss positions at March 31, 2014 and December 31, 2013. Our reserve for losses on uncompleted contracts included \$107 million and \$97 million at March 31, 2014 and December 31, 2013, respectively, for losses on these Canadian pipe fabrication and module assembly projects. Based on current contracts and work authorizations, we anticipate completion of these projects in 2015. During the quarter ended March 31, 2014, we recognized revisions in estimates on a liquefied natural gas ("LNG") project in Australia as a result of additional fees associated with approved man hours and other revisions in estimates which had a \$21 million positive impact on the gross profit of our Gas Monetization business segment. Additionally, our Gas Monetization business segment recognized revisions in estimates on an LNG project in Algeria resulting from a favorable settlement of claims, which had a \$33 million net positive impact on gross profit. During the quarter ended March 31, 2013, we recognized revisions in contract estimates which had a \$38 million positive impact on the gross profit of our Gas Monetization business segment, as a result of revised project estimates on our LNG projects in Australia and Algeria.</p>
Item 4	
Period Ending	12/31/2013
Effect	Positive
Effective Date	12/31/2013
Impact on Income (USD) Pre-Tax(P) / Net(N)	NA
YTD Impact on Income (USD) Pre-Tax(P) / Net(N)	\$190,000,000 (P)
Impact on EPS Basic(B) / Diluted(D)	NA
YTD Impact on EPS Basic(B) / Diluted(D)	NA
Reasons for Change	Revenue Recognition - contract accounting including percentage-of-completion
Disclosures	02/27/2014 10-K
Disclosure Text	<p>Changes in Estimates There are many factors, including, but not limited to, the ability to properly execute the engineering and designing phases consistent with our customers' expectations, the availability and costs of labor and resources, productivity, weather, that can affect the accuracy of our cost estimates, and ultimately, our future profitability. In the past, we have realized both lower and higher than expected margins and have incurred losses as a result of unforeseen changes in our project costs; however, historically, our estimates have been reasonably dependable regarding the recognition of revenue and profit on percentage of completion contracts. During 2013, we recognized revisions in estimates on an LNG project in Australia as a result of an approved change order and increases in estimated project hours which impacted our 2013 gross profit by \$190 million. Within COMPANY ABC123, not all assets are associated with specific business segments. Those assets specific to business segments include receivables, inventories, certain identified property, plant and equipment and equity in and advances to related companies and goodwill. The remaining assets, such as cash and the remaining property, plant and equipment, are considered to be shared among the business segments and are therefore reported in "Other."</p>

ABC123 AQRM Report

2013

Item 1

Period Ending 09/30/2013

Effect Positive

Effective Date 09/30/2013

Impact on Income (USD) Pre-Tax(P) / Net(N) \$90,000,000 (P)

YTD Impact on Income (USD) Pre-Tax(P) / Net(N) \$141,000,000 (P)

Impact on EPS Basic(B) / Diluted(D) NA

YTD Impact on EPS Basic(B) / Diluted(D) NA

Reasons for Change Revenue Recognition - contract accounting including percentage-of-completion

Disclosures 10/24/2013 [10-Q](#)

Disclosure Text

Changes in Estimates Revenue and cost estimates for our engineering and construction contracts and government contracts are continuously revised in the normal course of operating our business. Under ASC 605-35, Revenue Recognition, Construction-Type and Production-Type Contracts, changes in estimates from continuous and normal processes require disclosure if the effect is material. Significant revisions to contract estimates had a \$90 million positive impact during the three months ended September 30, 2013 on the segment operating income of our Gas Monetization business. This resulted from a \$71 million change order executed on the Gorgon LNG project during the third quarter and \$19 million changes in other project estimates on one of our Gas Monetization projects.

Item 2

Period Ending 06/30/2013

Effect Positive

Effective Date 06/30/2013

Impact on Income (USD) Pre-Tax(P) / Net(N) \$13,000,000 (P)

YTD Impact on Income (USD) Pre-Tax(P) / Net(N) \$51,000,000 (P)

Impact on EPS Basic(B) / Diluted(D) NA

ABC123 AQRM Report

YTD Impact on EPS Basic(B) / Diluted(D)	NA
Reasons for Change	Revenue Recognition - contract accounting including percentage-of-completion
Disclosures	07/25/2013 10-Q
Disclosure Text	Changes in Estimates Revenue and cost estimates for our engineering and construction contracts and government contracts are continuously revised in the normal course of operating our business. Under ASC 605-35, Revenue Recognition-Construction-Type and Production, changes in estimates from continuous and normal processes require disclosure if the effect is material. Significant revisions to contract estimates had a \$13 million positive impact during the three months ended June 30, 2013, and a \$51 million positive impact during the six months ended June 30, 2013, on the segment operating income of our Hydrocarbons business group as a result of client-driven revised project man-hour and other project estimate changes in our Gas Monetization business unit.
Item 3	
Period Ending	03/31/2013
Effect	Positive
Effective Date	03/31/2013
Impact on Income (USD) Pre-Tax(P) / Net(N)	\$38,000,000 (P)
YTD Impact on Income (USD) Pre-Tax(P) / Net(N)	NA
Impact on EPS Basic(B) / Diluted(D)	NA
YTD Impact on EPS Basic(B) / Diluted(D)	NA
Reasons for Change	Revenue Recognition - contract accounting including percentage-of-completion
Disclosures	04/25/2013 10-Q
Disclosure Text	Changes in Estimates During the quarter ended March 31, 2013, significant revisions to contract estimates had a \$38 million positive impact on the segment operating income of our Hydrocarbons business group as a result of revised project estimates on two of our projects in our Gas Monetization business unit.

ABC123 AQRM Report

Controls

SOX 404 - Internal Controls over Financial Reporting

2014	
Item 1	
Auditor	AUDITOR LLP
Location	Houston, Texas
Year Ended	12/31/2013
Signature	05/30/2014
Auditor Internal Controls are Effective	No
Auditor Agrees with Management's Assessment	No
Management Internal Controls are Effective	No
Source	05/30/2014 10-K/A
Auditor Issues Noted	<p>Not Effective - Accounting Rule (GAAP/FASB) Application Failures</p> <ul style="list-style-type: none">• Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues• Acc - Inventory, vendor, and cost of sales issues• Acc - Foreign, related party, affiliated and/or subsidiary issues• Acc - Revenue recognition issues <p>Not Effective - Internal Control Weakness</p> <ul style="list-style-type: none">• IC - Material and/or numerous auditor /YE adjustments• IC - Restatement or non-reliance of company filings• IC - Accounting documentation, policy and/or procedures• IC - Information technology, software, security & access issues• IC - Accounting personnel resources, competency/training
Management Issues Noted	<p>Not Effective - Accounting Rule (GAAP/FASB) Application Failures</p> <ul style="list-style-type: none">• Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues• Acc - Inventory, vendor, and cost of sales issues• Acc - Foreign, related-party, affiliated and/or subsidiary issues• Acc - Revenue recognition issues <p>Not Effective - Internal Control Weakness</p> <ul style="list-style-type: none">• IC - Material and/or numerous auditor/YE adjustments• IC - Restatement or non-reliance of company filings• IC - Accounting documentation, policy and/or procedures• IC - Information technology, software, security & access issues• IC - Accounting personnel resources, competency/training

ABC123 AQRM Report

Item 2	
Auditor	AUDITOR LLP
Location	Houston, Texas
Year Ended	12/31/2013
Signature	02/27/2014
Auditor Internal Controls are Effective	No
Auditor Agrees with Management's Assessment	No
Management Internal Controls are Effective	No
Source	02/27/2014 10-K
Auditor Issues Noted	<p>Not Effective - Accounting Rule (GAAP/FASB) Application Failures</p> <ul style="list-style-type: none"> • Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues • Acc - Inventory, vendor, and cost of sales issues • Acc - Revenue recognition issues <p>Not Effective - Internal Control Weakness</p> <ul style="list-style-type: none"> • IC - Material and/or numerous auditor /YE adjustments • IC - Accounting documentation, policy and/or procedures • IC - Accounting personnel resources, competency/training
Management Issues Noted	<p>Not Effective - Accounting Rule (GAAP/FASB) Application Failures</p> <ul style="list-style-type: none"> • Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues • Acc - Inventory, vendor, and cost of sales issues • Acc - Revenue recognition issues <p>Not Effective - Internal Control Weakness</p> <ul style="list-style-type: none"> • IC - Material and/or numerous auditor/YE adjustments • IC - Accounting documentation, policy and/or procedures • IC - Accounting personnel resources, competency/training

SOX 302 – Disclosure Controls and Opinions

2015	
Item 1	
Period Ended	12/31/2014
Management Disclosure Controls are Effective	Yes
Material Weakness	No

ABC123 AQRM Report

Other Deficiencies / Disclosures	Yes
Source	02/27/2015 10-K
Management Issues Noted	Not Effective - Accounting Rule (GAAP/FASB) Application Failures <ul style="list-style-type: none">• Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues• Acc - Expense recording (payroll, SG&A) issues• Acc - Liabilities, payables, reserves and accrual estimate failures• Acc - Foreign, related party, affiliated and/or subsidiary issues Not Effective - Other Deficiencies / Disclosures <ul style="list-style-type: none">• Acc - Revenue recognition issues• DC - Personnel inadequacies/segregation of duty issues• DC - Remediation of Disclosure Control Weakness asserted• DC - Acquisition, etc - integration and/or challenges noted

2014	
Item 1	
Period Ended	09/30/2014
Management Disclosure Controls are Effective	No
Material Weakness	No
Other Deficiencies / Disclosures	Yes
Source	11/04/2014 10-Q
Management Issues Noted	<p>Not Effective - Accounting Rule (GAAP/FASB) Application Failures</p> <ul style="list-style-type: none">• Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues• Acc - Inventory, vendor, and cost of sales issues• Acc - Foreign, related-party, affiliated and/or subsidiary issues• Acc - Revenue recognition issues <p>Not Effective - Other Deficiencies / Disclosures</p> <ul style="list-style-type: none">• DC - Restatement (recent past or pending) evident• DC - Fin close process/policy/info accum & timeliness issues• DC - Personnel inadequacies/segregation of duty issues• DC - Insufficient management review, inadequate control procedures• DC - Sect 404 adverse report (recent past/pending) filed
Item 2	

ABC123 AQRM Report

Period Ended	06/30/2014
Management Disclosure Controls are Effective	No
Material Weakness	No
Other Deficiencies / Disclosures	Yes
Source	07/31/2014 10-Q
Management Issues Noted	<p>Not Effective - Accounting Rule (GAAP/FASB) Application Failures</p> <ul style="list-style-type: none"> • Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues • Acc - Inventory, vendor, and cost of sales issues • Acc - Foreign, related-party, affiliated and/or subsidiary issues • Acc - Revenue recognition issues <p>Not Effective - Other Deficiencies / Disclosures</p> <ul style="list-style-type: none"> • DC - Restatement (recent past or pending) evident • DC - Fin close process/policy/info accum & timeliness issues • DC - Personnel inadequacies/segregation of duty issues • DC - Insufficient management review, inadequate control procedures • DC - Sect 404 adverse report (recent past/pending) filed
Item 3	
Period Ended	03/31/2014
Management Disclosure Controls are Effective	No
Material Weakness	No
Other Deficiencies / Disclosures	Yes
Source	06/19/2014 10-Q
Management Issues Noted	<p>Not Effective - Accounting Rule (GAAP/FASB) Application Failures</p> <ul style="list-style-type: none"> • Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues • Acc - Inventory, vendor, and cost of sales issues • Acc - Foreign, related-party, affiliated and/or subsidiary issues • Acc - Revenue recognition issues <p>Not Effective - Other Deficiencies / Disclosures</p> <ul style="list-style-type: none"> • DC - Restatement (recent past or pending) evident • DC - Fin close process/policy/info accum & timeliness issues • DC - Personnel inadequacies/segregation of duty issues • DC - Insufficient management review, inadequate control procedures • DC - Sect 404 adverse report (recent past/pending) filed

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Item 4

Period Ended 12/31/2013

Management Disclosure Controls are Effective No

Material Weakness No

Other Deficiencies / Disclosures Yes

Source 05/30/2014 [10-K/A](#)

Management Issues Noted

Not Effective - Accounting Rule (GAAP/FASB) Application Failures

- Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues
- Acc - Inventory, vendor, and cost of sales issues
- Acc - Foreign, related-party, affiliated and/or subsidiary issues
- Acc - Revenue recognition issues

Not Effective - Other Deficiencies / Disclosures

- DC - Restatement (recent past or pending) evident
- DC - Fin close process/policy/info accum & timeliness issues
- DC - Personnel inadequacies/segregation of duty issues
- DC - Information technology, software, access/security issues
- DC - Insufficient management review, inadequate control procedures
- DC - Sect 404 adverse report (recent past/pending) filed

Item 5

Period Ended 12/31/2013

Management Disclosure Controls are Effective No

Material Weakness Yes

Other Deficiencies / Disclosures No

Source 02/27/2014 [10-K](#)

ABC123 AQRM Report

Management Issues Noted	Not Effective - Accounting Rule (GAAP/FASB) Application Failures
	<ul style="list-style-type: none"> • Acc - Consolidation, (Fin46r/Off BS) & foreign currency translation issues • Acc - Inventory, vendor, and cost of sales issues • Acc - Revenue recognition issues
	Not Effective - Other Deficiencies / Disclosures
	<ul style="list-style-type: none"> • DC - Fin close process/policy/info accum & timeliness issues • DC - Personnel inadequacies/segregation of duty issues • DC - Information technology, software, access/security issues • DC - Period end close & non-routine adjustment issues • DC - Revision made later to these 302/404 disclosures • DC - Sect 404 adverse report (recent past/pending) filed

2013	
Item 1	
Period Ended	09/30/2013
Management Disclosure Controls are Effective	Yes
Material Weakness	No
Other Deficiencies / Disclosures	Yes
Source	10/24/2013 10-Q
Management Issues Noted	Not Effective - Other Deficiencies / Disclosures
	<ul style="list-style-type: none"> • DC - Information technology, software, access/security issues
Item 2	
Period Ended	06/30/2013
Management Disclosure Controls are Effective	Yes
Material Weakness	No
Other Deficiencies / Disclosures	No
Source	07/25/2013 10-Q
Management Issues Noted	
Item 3	
Period Ended	03/31/2013
Management Disclosure Controls are Effective	Yes

ABC123 AQRM Report

Material Weakness	No
Other Deficiencies / Disclosures	No
Source	04/25/2013 10-Q
Management Issues Noted	
Item 4	
Period Ended	12/31/2012
Management Disclosure Controls are Effective	Yes
Material Weakness	No
Other Deficiencies / Disclosures	No
Source	02/20/2013 10-K
Management Issues Noted	

Late Filings

2014	
Item 1	
Period Ended	03/31/2014
Source	05/13/2014 NT 10-Q
Filed due to unreasonable effort or expense (2a)	
To be filed by the 15th of the following month (2b)	
Accountant's statement attached (2c)	
Anticipate disclosing a significant change in results (4.3)	<input type="checkbox"/>
Reasons Noted	<div>General Reason<ul style="list-style-type: none">Insufficient time without undue hardship, expenseAdditional Reasons<ul style="list-style-type: none">Investigation underway, special committee (internal, external or SEC)Restatement of financials pending</div>

ABC123 AQRM Report

Insiders

CEO Changes

2014	
Item 1	
Name	CEO XYZ
Action	Appointed
Title	President CEO Director
Effective	06/02/2014
Reasons	
Committees	
Retains Other Positions	No
Source	04/09/2014 8-K

2013	
Item 1	
Name	CEO XYZ
Action	Retired
Title	CEO President Chairman of Board
Effective	
Reasons	
Committees	
Retains Other Positions	No
Source	12/16/2013 8-K

ABC123 AQRM Report

CFO Changes

2013	
Item 1	
Name	CEO XYZ
Action	Appointed
Title	Executive VP CFO
Effective	10/28/2013
Reasons	
Committees	
Retains Other Positions	No
Source	10/28/2013 8-K
Item 2	
Name	CEO XYZ
Action	Resigned
Title	Executive VP CFO
Effective	09/26/2013
Reasons	
Committees	
Retains Other Positions	No
Source	09/05/2013 8-K

ABC123 AQRM Report

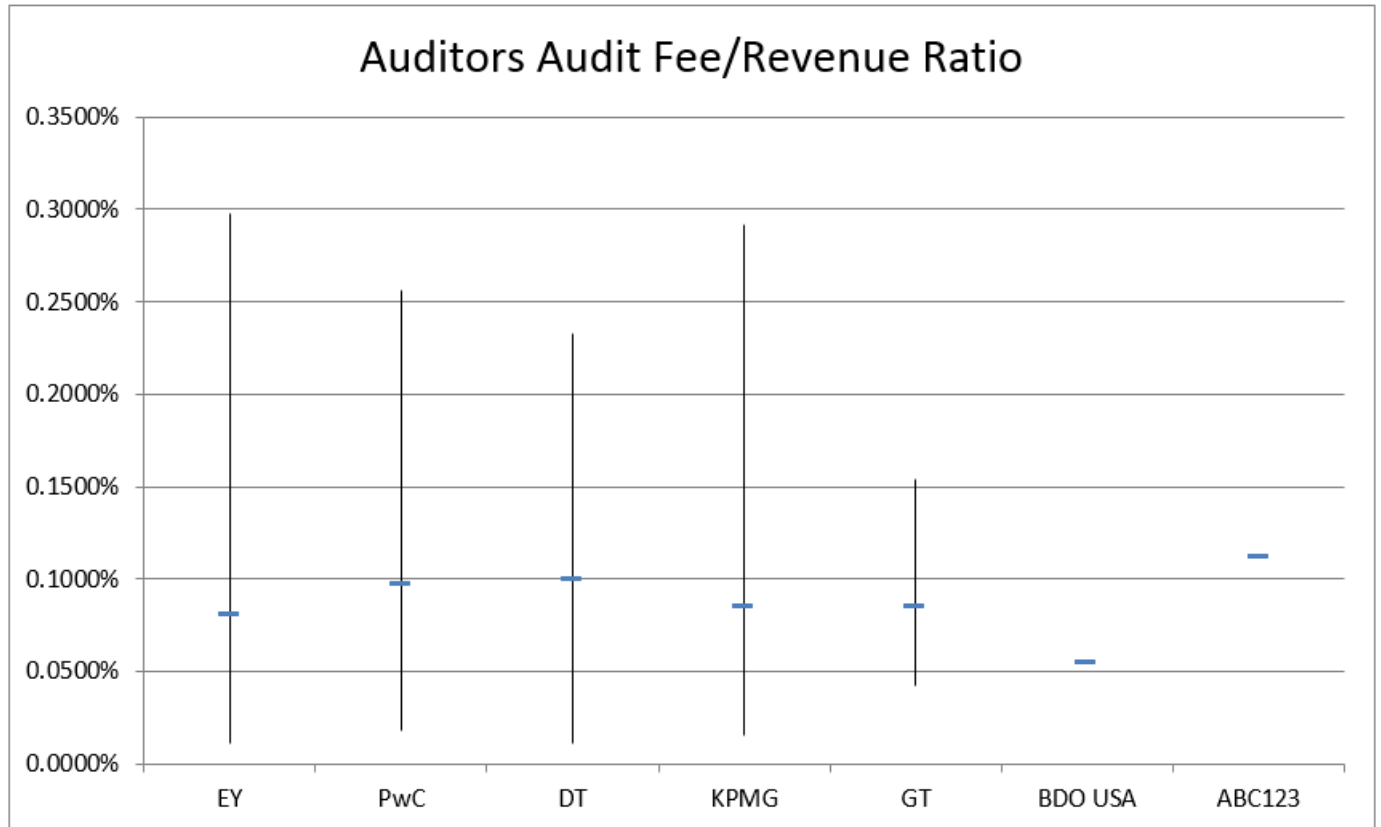
Company Info

Audit Fees

Year	Filing	File Date	Auditor	Audit	Audit Related	Tax	Other	Total
2014	DEF 14A 	2015-03-30	AUDITOR LLP	\$7,173,000	\$33,000	\$1,749,000	\$0	\$8,955,000
2013	DEF 14A 	2014-04-01	AUDITOR LLP	\$6,983,000	\$393,000	\$577,000	\$0	\$7,953,000
2013	DEF 14A	2015-03-30	AUDITOR LLP Restated	\$7,032,000	\$393,000	\$572,000	\$0	\$7,997,000
2012	DEF 14A 	2013-04-05	AUDITOR LLP	\$6,973,000	\$247,000	\$646,000	\$25,000	\$7,891,000
2011	DEF 14A 	2012-04-05	AUDITOR LLP	\$7,093,000	\$51,000	\$500,000	\$0	\$7,644,000
2010	DEF 14A 	2011-04-06	AUDITOR LLP	\$6,800,000	\$51,000	\$816,000	\$36,000	\$7,703,000
2009	DEF 14A	2010-04-07	AUDITOR LLP	\$6,247,000	\$95,000	\$1,344,000	\$0	\$7,686,000
2008	DEF 14A	2009-04-01	AUDITOR LLP	\$7,429,000	\$121,000	\$548,000	\$0	\$8,098,000
2007	DEF 14A	2008-03-25	AUDITOR LLP	\$7,837,000	\$312,000	\$2,639,000	\$0	\$10,788,000
2006	DEF 14A	2007-08-15	AUDITOR LLP	\$10,206,000	\$66,000	\$2,033,000	\$42,000	\$12,347,000
2005	DEF 14A	2007-08-15	AUDITOR LLP	\$8,431,000	\$388,000	\$2,921,000	\$10,000	\$11,750,000

* FISDI = Financial Information Systems Design and Implementation










































Audit Fees Peer Benchmark



ABC123 AQRM Report

Internal Control History

Controls [More Detail >>](#)

Period	NT	ICFR (404) - Auditor	ICFR (404) - Management	DC (302) - Management
Historical Flags	1  (2014)	2  (2013)	2  (2013)	5  (2014) 4  (2014)
2014-12-31 10-K		AUDITOR LLP 		
2014-09-30 10-Q				
2014-06-30 10-Q				
2014-03-31 10-Q				
2013-12-31 10-K/A				
2013-12-31 10-K		AUDITOR LLP  R AUDITOR LLP 	 R 	
2013-09-30 10-Q				
2013-06-30 10-Q				
2013-03-31 10-Q				
2012-12-31 10-K		AUDITOR LLP 		
2012-09-30 10-Q				
2012-06-30 10-Q				
2012-03-31 10-Q				
2011-12-31 10-K		AUDITOR LLP 		
2011-09-30 10-Q				
2011-06-30 10-Q				
2011-03-31 10-Q				
2010-12-31 10-K		AUDITOR LLP 		
2010-09-30 10-Q				
2010-06-30 10-Q				
2010-03-31 10-Q				
2009-12-31 10-K		AUDITOR LLP 		

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2009-09-30 10-Q				✓
2009-06-30 10-Q				✓
2009-03-31 10-Q				✓
2008-12-31 10-K	AUDITOR LLP	✓	✓	✓
2008-09-30 10-Q				✓
2008-06-30 10-Q				✓
2008-03-31 10-Q				✓
2007-12-31 10-K	AUDITOR LLP	✓	✓	✓
2007-09-30 10-Q				!
2007-06-30 10-Q				✓
2007-03-31 10-Q				✓
2006-12-31 10-K				!

[Show fewer records](#)