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November 7, 2011

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Subject: PCAOB Rulemaking Docket Matter No. 37
Concept Release on Auditor Independence and Audit Firm Rotation

To Whom It May Concern:

We are writing in connection with the PCAOB request for comments on audit firm rotation. Although we strongly support the continued efforts by the PCAOB to enhance auditor independence, objectivity and professional skepticism, we do not support the concept of mandatory audit firm rotation.

Our strong view is that audit quality would be diminished, not improved, as a consequence of mandatory audit firm rotation. Multinational, multi-segment public companies, in particular, are very complex. A full appreciation of such an organization's complexities is a prerequisite for effectively evaluating audit risk and developing appropriate audit plans. In our view, this institutional knowledge accumulated over a number of years, puts an audit firm in a stronger position to apply professional skepticism. Following an auditor change, the absence of this institutional knowledge coupled with a learning curve that the new auditor will encounter increases the likelihood that audit quality will be negatively impacted. With mandatory rotations, we believe audit firms will feel somewhat more "entrenched" during the rotation period, and, as such, will be less inclined to invest in longer term process improvements that could enhance audit effectiveness and efficiency. Further, with mandatory rotation, we are concerned with audit quality in the latter years of the rotation being negatively impacted from the outgoing "lame duck" audit firm being less attentive and focused on our company's audit demands.

Audit firm rotation would also be costly, and we believe outweigh any potential benefit. Although we've not rotated our external audit firm recently, we have made changes in service providers used for internal audit services. The internal time commitments required to acclimate the new service provider to the company's operations, business processes and critical reporting areas were extensive. For large companies such as ours doing business in numerous countries, ensuring that audit teams around the world are properly transitioned to provide seamless coordination of local statutory audit requirements would require extensive efforts. Further, many large multinational companies have responded to the Sarbanes-Oxley provisions by turning to firms other than their audit firm for tax, internal audit, transactional support and other services. A rotation of audit firms would very likely necessitate other service provider changes – thereby adding further to the cost and effort that would be required to effectuate the change in audit firms. For the Audit Committees and management teams that would be involved in the selection, evaluation and integration of the audit firm and other service provider changes, these efforts result in unnecessary diversions of precious time that could be devoted to matters that we believe offer greater benefit to our investors and other constituencies.

We believe that the existing safeguards put into place with the Sarbanes-Oxley provisions are adequate to address the concerns raised in the subject Concept Release regarding independence and objectivity of audit firms. The rotation of audit firm partners every five years provides a “fresh look” without losing the full value of the aforementioned institutional knowledge acquired by the audit firm’s other personnel. In our experience, in the years following enactment of Sarbanes-Oxley and initiation of audit firm reviews by the PCAPOB, audit firm personnel have demonstrated increased rigor when it comes to audit quality. The current process which has Audit Committees continuously pressuring audit firms to ensure auditor independence, audit effectiveness and professional skepticism is far more cost effective than mandatory rotation. For these reasons, we support reliance on the existing safeguards and processes implemented in recent years which we believe will continue to evolve and provide enhanced audit effectiveness. In our view, implementing mandatory rotation would be a step backward - not forward - in striving to achieve more cost-effective, quality audits.

We appreciate the opportunity to provide this feedback and thank you for your consideration.

Sincerely,

Rodney R. Filcek

Rodney R. Filcek
Senior Vice President and Chief Accounting Officer