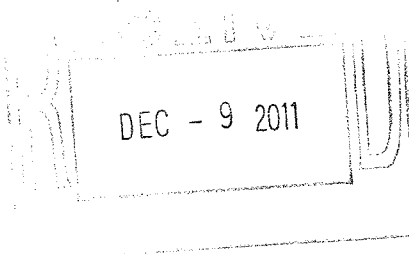


CHARLES ROSSOTTI

December 14, 2011



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

Re: PCAOB Rulemaking Docket Matter No. 37

Ladies and Gentlemen:

I am a former Commissioner of the Internal Revenue Service and CEO of American Management Systems, Inc., a technology and management consulting firm. I have also served on the Board of Directors of six public companies, including the three I am currently participating in: Bank of America Corporation, Booz, Allen, Hamilton and the AES Corporation. In my capacity as a Senior Advisor to the Carlyle group, I have served on the boards of eight privately-owned companies. I am also the chairman of the Audit Committees for Bank of America and AES Corporation.

From this perspective, I offer my comments on the Concept Release concerning Mandatory Auditor Rotation.

I strongly support the objective of ensuring auditor independence, including the necessary auditor skepticism in reviewing management assertions which underlie financial statements and disclosures.

However, I do not support the proposal for mandatory auditor rotation as way to achieve this objective. Rather, this decision should be left to the audit committee.

My views on mandatory auditor rotation have changed since the enactment of the Sarbanes-Oxley Act. When the Act was initially being considered, I was surveyed and expressed the view that mandatory auditor rotation was a concept that should be seriously considered in lieu of several other proposals. However, the Act itself has now put in place a very robust set of structures and policies that make it unnecessary to impose the additional cost and risks of mandatory auditor rotation.

Specifically, I would point to three items that work together today to ensure adequate auditor independence.

First is the explicit responsibility of the Audit Committee to provide independent oversight over the selection of auditors as well as the internal and external audit processes. The requirements inherent in this role have greatly expanded since the inception of the Sarbanes-Oxley Act (the Act), resulting in a much more robust process today. Clear guidance has been provided to ensure that the Audit Committee approves the appointment of the audit firm as well as the terms of the audit engagement, including all non-audit services. In addition, the Audit Committee discusses with the auditors their control procedures, any material issues, and/or relationships between management and the auditor, as well as any concerns surrounding tone at the top. These are not once-a-year discussions, but represent an ongoing dialogue throughout each aspect of the engagement, quarter to quarter, including regular executive sessions with only the Audit Committee members and the Independent Auditors.

I should note that the Audit Committee not only oversees the Independent Auditors, but depends heavily on them to fulfill its own responsibilities for oversight of the company's financial statements and internal controls. Audit Committee members today are acutely aware of these responsibilities and have every incentive to make sure its Independent Auditors are providing truly independent views.

Second is the restriction on auditors' providing non-audit services. The reduction in the amount and type of non-audit services provided by Independent Auditors to their audit clients has been reduced drastically. Even in areas where some services are permitted, such as tax, it has been my experience that Audit Committees have restricted these services to a minimum. In my view this has been a positive development and has increased the degree of Auditor Independence as compared with earlier practice.

Third, is the role of PCAOB in reviewing audits. In my experience, audit firms are very aware of the possibility of PCAOB review of their work and the fact that the results of these reviews will be reported to Audit Committees.

I believe these factors are adequate to provide reasonable assurance of Auditor Independence.

The Concept Release identifies examples uncovered in PCAOB reviews in which appropriate skepticism might not have been present. Undoubtedly in any set of complex relationships, exceptions to the standard can be identified. While both management and the auditor have the common objective of assuring the integrity of the corporation's financial statements, their motivations may differ. The Audit Committee provides the oversight to assure that the proper tension exists and that the most accurate information is presented to public shareholders and regulatory bodies alike. When the Audit Committee determines the auditor is not performing or not able to perform its responsibilities with the proper amount of independence or skepticism, it is the Audit Committee's responsibility to require that changes be made, including replacement of the auditor.

It is also important to weigh practical considerations, including cost and risk, in any proposal aimed at improvement.

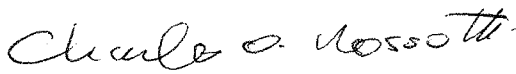
Mandatory auditor rotation will significantly limit the options for qualified firms to conduct quality audits, especially for large international public companies such as those upon whose Boards I serve. The availability of qualified firms with the appropriate depth and breadth of industry experience in comparable global operations already results in a limited number of audit firm alternatives; mandatory auditor rotation will only exacerbate the situation. The learning curve for auditors serving these large company engagements is also steep, especially during the early years. This dynamic could deny shareholders the ability to have the most qualified, knowledgeable and skilled firm performing this vital function. When coupled with mandatory audit partner rotation and general staff turnover, this situation can become unstable and be counterproductive toward the goal of quality audit output.

Another point that should be considered relates to the level of effort and risk required to make a change in a company's auditor. For a large international company, the level of effort is significant for the Audit Committee, the company's management and the auditor. In one of the audit committees on which I serve, we recently oversaw a change in our independent auditor. The selection process took nearly six months and required numerous meetings and review of significant amounts of information submitted by each firm. Our options for making this change were further restricted because of extensive non-audit services then being provided to our company by two of the other "Big Four" firms. The transition to the new firm, including

shadowing the former auditor and learning the new company's processes and technical tax/accounting structure, required an additional twelve-month process. The benefits of mandatory auditor rotation would need to be quite significant to outweigh the inefficiencies and cost associated with making a change that requires such a lengthy and complex process to implement.

I appreciate the opportunity to respond to the Concept Release.

Respectfully yours,

A handwritten signature in cursive script that reads "Charles O. Rossotti".

Charles O. Rossotti
Independent Board Director