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CardinalHealth

December 9, 2011

Mr. J. Gordon Seymour
Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, D.C. 20006-2803

**Re: Request for Public Comment on *Concept Release on Auditor Independence and Audit Firm Rotation and Notice of Roundtable (PCAOB Release No. 2011-006, August 16, 2011, PCAOB Rulemaking Docket Matter No. 37)***

Dear Mr. Seymour:

On behalf of Cardinal Health, Inc. (the "Company"), a leading healthcare services company with annual revenues in excess of $100 billion, I am pleased to respond to the request for comments on the Public Company Accounting Oversight Board ("Board") Concept Release on Auditor Independence and Audit Firm Rotation ("Concept Release").

We commend the Board on its efforts to enhance auditor independence, objectivity and professional skepticism; however, we do not believe that mandatory audit firm rotation is an effective or constructive way to achieve this objective. Our reasons are as follows:

- The cost of mandatory audit firm rotation will likely far exceed any perceived benefit. The increased costs will include both internal costs (management time and company resources needed to support a change in auditor) and external costs (higher audit fees during the initial years of the audit). In particular, due to the significant learning curve associated with highly complex areas such as income taxes and IT systems, we believe mandatory audit firm rotation will result in very costly audit inefficiencies.

- A rule requiring mandatory audit firm rotation will have to go through the SEC rulemaking process and, as such, a cost-benefit analysis will have to be performed. In the absence of a cost-benefit analysis clearly indicating that the benefits exceed the costs, we believe that enactment of a rule requiring mandatory audit firm rotation is not appropriate.
- There is no objective evidence supporting the notion that mandatory audit firm rotation improves auditor independence, objectivity or professional skepticism. Further, there is no objective evidence supporting the assertion that mandatory audit firm rotation will increase the quality of audits. In fact, the Board acknowledges in the Concept Release that there is a lack of empirical data (academic or from the Board's own inspections) supporting these assertions. Given the cost and disruptions associated with mandatory audit firm rotation, we believe it is critical that there is empirical evidence supporting a link between auditor rotation and improved audit quality. In fact, the Board notes in the Concept Release that academic studies have found that there is a greater risk of audit failure in the early years of an audit.
- Existing auditor independence rules make mandatory audit firm rotation impractical. As a large, multi-national company, we use various accounting firms to provide non-audit services. Mandatory audit firm rotation may constrain our ability to engage any of the "Big Four" accounting firms for critical services. For example, engaging a "Big Four" accounting firm for services that have independence implications for the firm if considered in the future as the Company's independent auditor would either remove that firm from consideration as a critical service provider or exclude that firm from the population of qualified independent audit firms. It is not inconceivable that the only firms that will satisfy the independence requirements are ones that do not have the requisite industry expertise or geographic presence to serve as our independent auditor.
- We believe that the "Big Four" audit firms are not interchangeable. There are differences between the firms in terms of 1) industry experience and expertise, and 2) global and domestic geographic presence. These differences are particularly evident in mid-market cities such as Columbus, Ohio where our headquarters is located. These differences further constrain the pool of firms that have the expertise and market presence to perform our audit.
- Finally, we believe the audit committee is in the best position to decide whether audit firm rotation is appropriate for a specific company. Mandatory audit firm rotation will deprive the audit committee of the discretion and judgment to appoint the independent audit firm and, as such, could have a

significant impact on public company governance. We also question whether the Board has the authority to require mandatory audit firm rotation. Under the Sarbanes-Oxley Act of 2002, Congress gave the audit committee the responsibility for the appointment, compensation, and oversight of the independent audit firm.

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

Very truly yours,

Stuart G. Laws
Senior Vice President and
Chief Accounting Officer