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BY E-MAIL

December 12, 2011

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

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

Dear Sir / Madam,

We appreciate the opportunity to comment on the Concept Release on Auditor Independence and Audit Firm Rotation issued by the Public Company Accounting Oversight Board (PCAOB or Board).

Thomson Reuters is a Canadian corporation with shares listed on both the New York and Toronto stock exchanges. Through over 55,000 employees across more than 100 countries, we provide intelligent information for business and professionals and had revenues of over \$13 billion in 2010.

We believe that auditor independence, objectivity and professional skepticism are fundamental to maintaining the public's trust in the capital markets and the audit profession, and therefore, we support the Board's continued focus on these areas. However, we strongly oppose the Board's proposal to require mandatory audit firm rotation because we are not persuaded that it will improve audit quality. Rather, we believe that the Board should continue to study the root causes of audit failures, and to emphasize auditor training, experience, oversight and, where necessary, sanctions, to ensure audit quality and public trust in the financial reporting process.

Our position is based on the following:

Lack of definitive correlation – We believe it is premature to require a change as impactful as mandatory auditor rotation without establishing a more definitive correlation between audit tenure and audit failures.

In short, the Board defines audit failures as a circumstance where the audit opinion was not supported by sufficient appropriate evidence. The Board identified hundreds of such cases in their inspection reports. The business environment is complex; accounting and auditing standards are increasingly numerous and difficult to apply; judgmental valuation techniques continue to gain relevance. While we acknowledge that it may not be possible to establish empirical evidence to link audit failures to audit tenure, there are sufficient factors which suggest to us that many audit failures may still be due to lack of technical competence or experience. We believe that those factors, which are more objectively measurable, should be exhaustively addressed first, as further attention to these measures may significantly increase audit quality.

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Current regulation is adequate - We believe the PCAOB's current inspection process, including its ability to sanction and fine individual partners and firms, constitutes an adequate framework to ensure audit quality.

The PCAOB should specifically address indications that a particular audit firm's culture does not consistently emphasize the need for critical analysis and collection of objective evidence. While it is possible that mandatory rotation might mitigate the impact of certain lax audit firm cultures, we do not believe that the financial and intangible costs of such a framework change are currently justified. We believe that the mindset issues noted in the concept release can be addressed within the existing framework through focus on identified offenders. Egregious or repeated offenses should warrant sanctions.

Usurps audit committee responsibility - Sarbanes-Oxley increased the profile and power of the audit committee within the structure of publicly traded companies. Audit committees and boards of directors now routinely discuss enterprise risk management on a company-wide and systemic basis. We believe that the thrust of these changes over the course of the last ten years has been positive. Restricting discretion of the audit committee through regulation such as mandatory auditor rotation is a huge step backwards.

Current corporate governance requirements make the audit committee responsible for selecting and evaluating the auditor and require the CEO and CFO to certify a public company's financial statements. We believe these requirements create strong motivation for companies and their boards to ensure that audits are thorough and that accounting positions are defensible. Further, we believe that the audit committee is best positioned to recommend if an auditor should be changed. The audit committee is responsible for monitoring the independence, qualifications, experience and performance of the auditor, approving the auditor's compensation, pre-approving non-audit services, monitoring the balance of audit and non-audit work, and considering if the audit approach and accounting positions adequately address risks and circumstances specific to the company. These aspects of corporate governance are designed to ensure that boards act in the best interests of shareholders. Mandatory firm rotation would limit the ability of the audit committee to execute its responsibilities, as a rotation requirement would override the audit committee's judgment in situations where an audit committee determined that maintaining an existing auditor was in the best interests of the company and its shareholders.

If mandatory auditor rotation were imposed, we are concerned that audit quality would not improve, but might worsen, for the following reasons:

Diminished auditor understanding - Over time, an auditor develops a deep understanding of the company, its industry, challenges and management. We believe this understanding allows the auditor to more effectively identify audit risks, as the auditor is in a better position to sense indicators such as changes in financial results or management behavior. The auditor's view of risk is more likely to be naturally and transparently passed on to a new audit partner within the same firm, as is the case under current partner rotation requirements, as opposed to an entirely different audit firm. We believe that the current practices of mandatory partner rotation, second partner review and National Office review are an adequate framework to preserve independence, objectivity and professional skepticism.

Increased cost - We would expect that mandatory auditor rotation will result in significantly higher costs for audit firms and corporations. Audit firms will need to increase staffing in the early years of a new engagement as they build knowledge or address industry experience gaps. Having the right audit specialty and experience in the right locations to serve a constantly changing client base will be a costly problem. These additional costs will be passed on to corporations and their shareholders.



Disruption to businesses - Global businesses will experience disruption as they educate new auditors about their business and about accounting policies and historical accounting positions. Having a highly experienced audit firm that is deeply knowledgeable about the business is essential for companies that face multi-national regulatory regimes or for those that are traded on more than one national exchange. Many of the issues faced by our company, as well as others who operate in complex multi-national structures, stretch over more than a five year period. By definition, a great deal of extra time and expense would be required for any new audit firm to be re-educated. Further, reasonable accountants sometimes conclude differently given the same set of facts. These situations may occur on highly technical issues or in circumstances where little official accounting guidance is available. Differences in judgment might also occur in highly complicated areas such as tax disputes, which tend to have long time horizons and where companies often use their auditors for tax advice. We believe that a consistent audit approach is even more important at this time given the magnitude of the IFRS and US GAAP convergence agenda. On certain issues, accounting guidance differs among accounting firms. We foresee more circumstances where frequent changes of accounting firms might lead a company to change an accounting conclusion, not because of an audit failure, but because one audit firm takes a different view from another. More frequent disruptions to the basis of financial reporting caused by the imposition of different viewpoints on critical issues will reduce confidence in our reporting system. Finally, we are concerned that the time diverted to more frequent rotation processes on the part of the auditor, audit committee and management will detract from the attention needed to ensure a robust financial reporting process and distract management from operating the business.

For the reasons stated above, we believe that mandatory auditor rotation would not improve, but might even worsen, audit quality. We believe that the current PCAOB inspection process, existing audit partner rotation requirements and corporate governance standards collectively provide an adequate framework to ensure audit quality. We believe that the root cause of audit failures should be further studied, and that auditor training, experience, oversight and, where necessary, sanctions, are emphasized in order to ensure audit quality and public trust in the financial reporting process.

Thank you for the opportunity to comment on this concept release.

Sincerely,


Vance K. Opperman
Audit Committee Chairman
Thomson Reuters

-and-


Robert D. Daleo
Executive Vice President & Chief Financial Officer
Thomson Reuters