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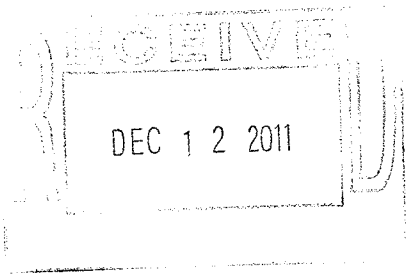
November 30, 2011



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

Subject: PCAOB Rulemaking Docket Matter No. 37

Dear Board Members and Staff of the PCAOB:

Thank you for providing me with an opportunity to share my views on PCAOB Release No. 2011-006, Concept Release on Auditor Independence and Audit Firm Rotation. As the Audit Committee Chairman of three public companies listed on the New York Stock Exchange I recognize the importance and value of an independent audit to public company shareholders and financial statement users in order to ensure smooth and efficient operations of capital markets. However I am concerned with the proposed standard on mandatory audit firm rotation for the following reasons:

Responsibility for Audit Firm Selection Is a Corporate Governance Issue

- The proposal ignores the significant role of the audit committee and focuses on the influence management has on the auditor. It also ignores the significance and importance of the relationship between the auditor and the audit committee and, in particular, the committee chairman. The audit committee is assigned the responsibility for oversight of the entire financial reporting process by the Board of Directors through specific responsibilities required by regulations and stock exchange listing requirements and enumerated in the Charter. Each audit committee must annually assess the competence of the independent audit firm and its lead partner(s), including the impact of any "non-audit fees", the effectiveness of its quality control program, including internal and external reviews, the independence of its personnel, among other matters, in making the committee's recommendation for the appointment of auditors for the coming year. To limit the ability of the committee to choose the independent auditors they believe best helps them fulfill their responsibilities diminishes their authority and responsibility to the shareholders.

- Existing audit partner rotation rules, second partner reviews, internal and external peer reviews, PCAOB reviews as well as personnel turnover at both the audit firm and the company, help maintain dynamic relationships between the company and the audit firm, providing a fresh perspective on accounting issues on a regular basis.

- Most companies include ratification votes from shareholders in their proxy statements related to the appointment of the audit firm. This vote consistently receives a high level of approval, often significantly higher than most other votes. If shareholders were concerned about auditor rotation, it is likely there would be more votes against ratification of the audit firm.

- A mandatory rotation system could cause additional independence challenges as companies and audit teams attempt to remain independent from their current professional relationships as well as any potential successor auditor relationships. This would also limit the number of firms available to perform prohibited non-audit services. Alternatively, it could cause rotation of non-audit services provided by other accounting firms that would include the same cost and drawbacks discussed for auditor rotation, as well as additional concerns as audit and non-audit service projects would have different timing and durations.

- I believe the initiatives implemented over the last few years have been effective at increasing audit quality and auditor independence; however such a broad sweeping reform does not address the problem created by a relatively small number of audit engagements with failures. In my personal experience we have changed auditors when (1) the firm declined to assign an engagement partner that the audit committee felt possessed the necessary background and experience to adequately supervise an audit of the company and (2) the engagement partner appeared to lack integrity and forthrightness in dealing with both management and the committee.

- In my years serving as an audit committee chairman with the companies' auditors often subjected to PCAOB reviews, I have rarely been contacted regarding my views of the firm by the PCAOB. Also, I never receive feedback from the PCAOB regarding their views of the firm's local office or the engagement partner that could assist in the committee's annual review of the audit firm other than the overall public report on the individual firm which is too dated to be of use in our current deliberations. Rather than requiring mandatory audit firm rotation for all public company audits, a more reasonable approach would be to disclose any engagement failure on a timelier basis and provide additional communication to the public company's audit committee. Such disclosure would empower the audit committee to make an auditor change if it was deemed necessary based on the committee's deliberations of the specific facts and circumstances.

<u>The Cost of Mandatory Audit Firm Rotation Clearly Outweighs the Perceived Benefits</u>

- Overall audit costs would rise significantly. A new audit firm would incur additional time to perform client acceptance and due diligence procedures as well as time to gain knowledge about the company and develop an audit approach responsive to company specific controls, practices and risks. These incremental costs to the audit firm, and ultimately the company, would be substantial particularly for multi-national companies. In addition a company would incur costs required to seek requests-for-proposal (RFPs) for frequent rotation and the company's senior management and the audit committee would be burdened by this selection process spending time to prepare RFPs, evaluate proposals and interview candidates. Again, this time could otherwise be spent in a manner that generates more shareholder value for investors.

- It is suggested in the concept release that there is no supportable evidence that extended relationships between companies and their audit firms have consistently lead to audit failures. In addition, many studies show a positive correlation between the likelihood of fraud and the early years of an auditor-client relationship. A thorough analysis of the causes and circumstances that lead to audit failures should be performed before alternatives with such substantial far-reaching effects are adopted.

- The increased cost of this proposal will further raise the already burdensome regulatory costs of being a "public company". This is already a significant consideration for companies considering going public and has caused some public companies to seek replacement capital in private equity markets. This does have an impact on the ability of smaller investors to participate in our country's capital markets.

- Mandatory firm rotation would reduce both the effectiveness and efficiency of the audit. Audit firms face a learning curve to gain a significant understanding of a company's processes, controls, operations, industry, complex accounting issues, and unique risks. Mandatory rotation would reduce the benefits attained from the experience and understanding that an audit team develops and documents during their tenure. In addition, the new audit team would not have a sophisticated understanding of key historical events such as acquisitions and offerings. As a result of these inefficiencies, audit quality and fraud prevention would likely suffer in the early years of the rotation.

Other Considerations

- It is important to distinguish between audit failures and business failures. Business failures occur for many reasons but rarely, if ever, are they the result of an audit failure.

- If the independence of auditors was a contributing factor to the recent financial crisis, why were the independent regulators (SEC, Federal Reserve, FDIC, Comptroller of the Currency, Congress and others) not able to see the systemic risk being created?

- Auditing firms are not generic. Some possess specific skills or experience with certain industries, with public companies, with complex international organizations or have other attributes that make one firm a better choice than others for a particular company.

Thank you for taking the time to consider my views.

Sincerely,

John R. Roberts

Chairman of the Audit Committee of the Board of Directors of:
Centene Corporation
Energizer Holdings Inc.
Regions Financial Corporation