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HARMAN

December 13, 2011

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

Re: PCAOB Rulemaking Docket No. 037 – *Concept Release on Auditor Independence and Audit Firm Rotation*

Dear Board Members:

Harman International Industries, Incorporated appreciates the opportunity to comment on The Public Company Accounting Oversight Board ("PCAOB") Docket No. 037, *"Concept Release on Auditor Independence and Audit Firm Rotation"*. We support the continued efforts of the PCAOB to improve upon the quality and reliability of the audit process by enhancing auditor independence, objectivity and professional skepticism. However, we do not believe that the current proposal for mandatory rotation of audit firms achieves this objective.

We believe that in the initial years following the rotation of an audit firm there is an increased risk of audit failure and reduced audit quality due to steep learning curves and overall inefficiencies in the audit process. We believe the benefits obtained from a mandatory rotation of audit firms would be more than offset by decreased quality and inefficiencies as noted above. Additionally, the proposal would significantly increase out-of-pocket and internal costs as detailed below:

- increased costs incurred in educating the successor audit firm about a company's organizational structure, contacts, history, and accounting and internal control systems,
- increased costs incurred in revisiting significant accounting transactions and policies completed in prior years,
- increased costs to ensure the successor audit firm has the appropriate industry resources available in the correct location,
- increased tax costs as either synergies would no longer be realized from a joint audit and tax team approach or the joint rotation of the tax team would lead to inefficiencies and increased costs,
- increased costs due to less efficient interaction amongst the company's internal and external network and the successor audit firm,
- increased costs if advisory service providers need to be rotated in conjunction with an auditor change resulting in inefficiencies,
- increased internal Senior Management and Audit Committee time incurred selecting the successor audit firm as well as increased audit firm expense incurred in proposing on new clients.

The decision to change audit firms is a significant event and one which requires careful consideration. The perceived future benefits must outweigh the costs to warrant the considerable disruption and distraction that a change in audit firms creates. To ignore the balance of the costs vs. benefits and require mandatory auditor rotation would create an undue burden on both the company and the audit profession.

We believe that the existing rules on partner rotation, the AICPA's code of conduct, the Audit Committee's oversight of the audit process, and the PCAOB's review of individual audits and firms adequately assures that:

- appropriate levels of objectivity and professional skepticism are maintained and exhibited by a company's auditors
- the other elements of a successful audit (requisite technical, industry and company specific knowledge to assure a cost effective yet thorough audit) are present.

As such, we believe that the current model appropriately addresses the Board's objectivity concerns and that a requirement for the mandatory rotation of audit firms is unnecessary.

We appreciate the opportunity to offer our opinions in this regard to the Board and will, of course, make ourselves available should the Board wish to discuss this response in any greater detail.

Herbert K. Parker

Herbert K. Parker
Executive Vice President and
Chief Financial Officer