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

Attn: J. Gordon Seymour, Secretary
Cc: Martin F. Baumann, Chief Auditor and Director of Professional Standards

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

I am writing to express our thoughts on the recent PCAOB Concept Release on Auditor Independence and Audit Firm Rotation (PCAOB Rulemaking Docket Matter No. 37). Additionally, on September 19, 2011, Martin Baumann, Chief Auditor and Director of Professional Standards and I discussed the concerns of the Board on auditor independence as described in the Concept Release. Therefore, I have copied Mr. Baumann on this letter.

First, we want to express our support for the Board continuously striving to improve audit quality. It is clear that audit firms must maintain perspective and objectivity to diligently exercise their duties in performing an audit. However, we do not support the development of a mandatory audit firm rotation proposal for several reasons:

- Insufficient time has passed to assess and evaluate the benefits associated with the independence requirements established under the Sarbanes Oxley Act of 2002 (the "Act").
- A rotation proposal would undermine the authority and the diligent role the audit committee plays in assessing independence.
- Substantial disruption and higher costs will occur from the mandatory rotation of audit firms.
- Audit quality in the early years of a new engagement is likely to be reduced.

Role of Audit Committees Would be Diminished

The Act mandated that audit committees of the Board of Directors be directly responsible for the oversight of the engagement of the company's independent auditor, which includes assessing auditor independence. As you are aware, the Act also requires the lead engagement partner (and concurring review partner) to rotate every five years, with an additional five year "cooling off" period prior to returning to the engagement. Other engagement partners are required to rotate every seven years, with an additional two year "cooling off" period prior to returning to the engagement. We believe partner rotation requirements under the Act, along with the diligence performed by the audit committee (noted below), have substantially raised the level of independence and audit quality since implementation in 2002. This also provides for a periodic "fresh look" at the company's financial statements and related audit. As noted, more time is needed to evaluate the benefits associated with the Act as it relates to auditor independence and audit quality.

We believe that, as mandated by the Act, our Audit Committee is the appropriate body to assess independence, audit quality and performance of the independent auditors. Our Audit Committee has the sole responsibility to appoint, terminate and compensate the independent auditor. As noted in our audit committee charter, a number of processes exist and are diligently carried out to ensure independence and maintain a high level of audit quality. Some of those responsibilities pertaining to performance of the audit firm include:

- Overseeing the independence, qualification and performance of Eaton's independent auditor.

- Pre-approving all auditing services and permitted non-audit services.

- At least annually, obtaining and reviewing a report by the independent auditor delineating all relationships between the independent auditor and the Company, considering the compatibility of the independent auditor's non-audit services (if any) with its independence and taking appropriate action to satisfy itself on the independence of the independent auditor.

- At least annually, obtaining and reviewing a report by the independent auditor describing the following: (a) the independent auditor's internal quality-control procedures and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues.

- Evaluating the performance of the independent auditor and, if so determined by the Audit Committee, replacing the independent auditor. The evaluation includes a review and evaluation of the performance of the independent auditor's lead partner. The Audit Committee also considers whether, in order to assure continuing auditor independence, it is appropriate to rotate the independent auditor.

- The Audit Committee also sets hiring policies for employees or former employees of the independent auditor that comply with the requirements of Sarbanes-Oxley Act of 2002 and the listing standards of the New York Stock Exchange.

Audit Firm Rotation Would Drive Higher Costs and Disruption

Multinational companies are complex global entities that typically require special industry knowledge. This knowledge is not easily obtained and, depending on the industry and complexity of the company, comes with a significant learning curve. The learning curve increases as the size and complexity of the company increases. Even under the current partner rotation requirements of the Act, there is a learning curve as new partners rotate onto our engagement and come up to speed on understanding specific issues and industry knowledge that is necessary to plan and perform an efficient, effective and quality audit. Requiring firms, not just partners within a firm, to be rotated on a regular basis will exponentially increase disruption. Furthermore, a rotation requirement will create significant challenges in determining a successor audit firm. We are a large, multinational company with complex operations and utilize all of the Big Four firms in some manner to provide necessary services. Coordinating the engagement of a successor firm while disengaging the predecessor will be challenging on multiple levels, including demands on resources, disruption of our day-to-day operations, and increased costs. It will also be a challenge to manage the disruption that will be caused by overlap. For example, the predecessor audit firm may be completing the year-end audit while the successor firm is planning the first quarter review. To make the resource dilemma worse, audit firms who are engaged in non-audit services may be unwilling to be considered for the audit engagement, either to balance out the disruption within their firm from other rotations or because non-audit services are more profitable.

Audit Firm Rotation Would Result in Lower-Quality Audits

We firmly believe a requirement to rotate auditors will lead to lower quality audits. As noted above, there is a learning curve for partners within the same firm rotating onto an engagement under the current requirements of the Act. This learning curve will be exacerbated if multiple successor firms have to come up to speed on specific issues and industry knowledge on a continual basis across large numbers of companies. This will increase the risk of audit failure during the initial years of an audit engagement.

Recommendations to Improve Audit Quality

As noted above, we support the effort by the Board to strengthen audit quality. However, we believe there are other actions that could be considered for implementation to enhance audit quality that would be far more effective and far less disruptive than mandating rotation of the independent audit firm. Among the possible actions to enhance audit quality are:

Audit Committees

- Recommend the PCAOB release its inspection results directly to audit committees and company management whose audit engagements were inspected. While some companies may request this information from their independent auditor, receiving these results directly from the PCAOB would increase the prominence of their inspection by disclosing the strengths and weaknesses of the audit and engagement team directly to the audit committee. Audit committees would receive inspection results faster and at a higher level of prominence thereby focusing the audit committee’s evaluation of the auditor as it relates to independence, engagement team performance, and overall audit quality.

- On a periodic basis, the PCAOB should consider providing to audit committees a summary document that describes general trends and areas that need increased attention and focus based on inspection results. This will assist audit committees in being more aware of current issues and will allow them to more effectively challenge their independent audit firm on the PCAOB concerns.

- As noted above, the audit committee is mandated by the Act to be directly responsible for the oversight of the independent auditor including assessing auditor independence. While audit committees are financially literate, it may be helpful to include focused training on assessing independence and professional skepticism. We would suggest also making available a focused training program for audit committees as it relates to auditor independence, objectivity, and professional skepticism. This may help educate the audit committee on appropriate methods to evaluate the independent audit firm from an independence and audit quality perspective.

Independent Audit Firms and the PCAOB

- Enhance the PCAOB inspection program to focus on the extent to which independent audit firms develop and train professional staff on objectivity and professional skepticism. As a result of these findings or as a separate measure, the PCAOB may consider offering focused training to the audit firms they inspect. The PCAOB could provide detailed examples on areas of improvement for independence, objectivity and professional skepticism. PCAOB training would alleviate any differences in understanding as it relates to independence and areas of concerns that are being observed based on inspection results.

- Recommend the PCAOB reengineer the inspection process to provide results to the independent audit firm more quickly. Providing information to auditors, management and the audit committee sooner would be valuable in assessing independence and audit quality. Additionally, depending on the results of the inspection, on a sample basis consider initiating a root-cause analysis of specific audits that have sub-par results to understand the underlying reasons for lack of compliance with audit standards. Based on the results of the root-cause analysis, initiate appropriate actions to prevent sub-par results from continuing.

Our comments to the questions in *Docket 037: Concept Release on Auditor Independence and Audit Firm Rotation* are provided in the attached appendix. While we support your initiatives to increase auditor independence and audit quality, we do not support the development of a mandatory audit firm rotation proposal.

Sincerely,

Richard H. Fearon
Vice Chairman and Chief Financial
and Planning Officer

Appendix
Questions to Docket Matter No. 37 – Concept Release on Auditor Independence and Audit Firm Rotation

A. Term of Engagement

1. If the Board determined to move forward with development of a rotation proposal, what would be an appropriate term length?

Response:

We do not believe there is sufficient benefit associated with mandatory audit firm rotation in order to enhance independence to justify the costs of implementing such a change. We believe that this will cause an initial decrease in audit quality until such time that the successor audit firm is sufficiently up the learning curve related to the specific issues of the company and its industry. As such, if the Board moves forward with the development of a rotation proposal, the length of time prior to rotation should be substantial, such as 10 to 15 years. While replacing an audit firm is necessary from time to time, it is disruptive, costly and initially presents a higher risk of audit failure due to lack of knowledge of the company and its industry. Once the successor audit firm has sufficiently come up the learning curve, there should be enough time for the successor audit firm and related company to realize the benefits associated with an effective and efficient audit.

2. Should different term lengths for different kinds of engagements be considered? If so, what characteristics, such as client size or industry, should this differentiation be based on?

Response:

Term lengths for public registrants should be consistent to facilitate simplicity.

3. Does audit effectiveness vary over an auditor's tenure on a particular engagement? For example, are auditors either more or less effective at the beginning of a new client relationship? If there is a "learning curve" before auditors can become effective, generally how long is it, and does it vary significantly by client type?

Response:

A substantial learning curve exists for audit firms who have rotated onto new clients and this impacts audit effectiveness. The learning curve may span up to five years depending on a variety of factors, including the existence (or lack thereof) of industry experience and complexity of the new engagement. Learning curves range in length of time depending on the size and industry of the company. To this point, multinational global companies would be more challenging to audit than solely domestic companies due to the multitude of interrelated complexities, such as operations in foreign countries and related transactional foreign currency impacts, more complicated accounting issues related to the company's overall structure and industry, an increase in the complexity of the company's capital structure, and associated statutory reporting within a particular country.

Additionally, global companies likely have a greater degree of complexity related to tax issues associated with U.S. and foreign tax regimes. A new audit firm must engage in and understand the registrant's accounting facts and circumstances to effectively and efficiently plan and perform an audit, as well as to have a basis for the objectivity that is necessary for professional skepticism and independence. They must also coordinate a world-wide audit which would include providing audit direction to engagement teams in multiple countries in South America, North America, Europe, the Middle East, Asia and Australia. Considering these factors, the audit will initially be inefficient, of lower quality and very costly, which would not be beneficial for shareholders or the investing community.

From an Eaton perspective, we are a global company with over 73,000 employees in more than 50 countries, which are defined by six operating segments: Electrical Americas, Electrical Rest of World, Aerospace, Hydraulics, Truck and Automotive. Each operating segment has unique complexities from both a business and an accounting perspective. We have over 800 accounting ledgers world-wide and over 130 statutory audits for the countries in which we operate. The effort is significant to understand our business and to plan and perform an effective and efficient audit.

We understand that audit firms do specialize in certain industries such as financial institutions, airlines, manufacturing and industrial markets. Audit firms specialize in these industries to increase the effectiveness, efficiency and quality of the audit. In some audit firms, audit professionals may spend a career learning and perfecting the audit and accounting issues in a certain industry. This specialization is necessary to have a high level of objectivity and professional skepticism (two main pillars of an independence mindset). A substantial benefit is gained from years of experience on a particular audit engagement and in a particular industry. The deep knowledge base that audit firms are able to draw from in performing a high-quality audit is beneficial to the audit firm, company and investing public. Firms that lack necessary industry experience as they rotate onto new clients will have a higher risk of audit failure early in the audit engagement.

4. **Some have also suggested that, in addition to being less effective at the beginning of an engagement, an auditor may be less diligent toward the end of the allowable term. On the other hand, others have suggested that auditors would be more diligent towards the end of the allowable term out of concern about what the replacement auditor might find. Would auditors become more or less diligent towards the end of their term? Does the answer depend on the length of the term?**

Response:

Whether an audit firm would be more or less diligent prior to rotating would depend on facts and circumstances such as complexity of the audit engagement. Audit procedures are governed by professional audit standards as well as firm-specific policies and procedures, all of which would be the guiding factors in completing an engagement. It might be perceived that there is an increased level of diligence to ensure professional standards are met as one firm succeeds the other. The successor firm is likely to closely scrutinize the work of the predecessor firm in order to gain insight into the new client, its processes and its *identified risks, while the predecessor firm is likely to increase focus on audit documentation as well as appropriateness and consistency of conclusions reached. This requires more time and resources from the firms and the client. Therefore, this perception, whether factual or not, will contribute to the disruptive nature and higher cost of rotating firms.*

5. How much time should be required before a rotated firm could return to an engagement?

Response:

As described above, we do not believe there is justification for a mandatory audit firm rotation requirement based on the factors noted in our responses. We suggest maintaining the current requirements of the SEC and the Act. We believe that engaging and disengaging audit firms remains the authority and decision of a company's audit committee.

However, if the Board moves forward with the development of a rotation proposal, we believe a five year "cooling off" period would be a reasonable time requirement as to when an audit firm may return to the engagement. This suggested time frame would be consistent with the current requirements of the Act as it relates to lead audit partners who have served five years on an engagement and must then incur a five year "cooling off" period prior to returning to an audit engagement.

B. Scope of Potential Requirement

6. Should the Board consider requiring rotation for all issuer audits or just for some subset, such as audits of large issuers? Should the Board consider applying a rotation rule to some other subset of issuer audits? For example, are there reasons for applying a rotation requirement only to audits of companies in certain industries?

Response:

We suggest maintaining the current requirements of the SEC and the Act. More time is needed to determine whether the current requirements instituted by the Act and carried out by the audit committee are sufficient for ensuring a high level of independence and audit quality.

However, if the Board develops a rotation proposal, we believe all public registrants should be held to the same consistent requirements from an audit perspective. We do not see a strong reason why issuers should not all be treated the same.

C. Transition and Implementation Considerations

7. To what extent would a rotation requirement limit a company's choice of an auditor? Are there specific industries or regions in which a rotation requirement would present particular difficulties in identifying an auditor with the necessary skills and expertise? Is it likely that some smaller audit firms might decide to leave the public company audit market due to the level of uncertainty regarding their ongoing client portfolios?

Response:

A rotation requirement will significantly limit a company's choice of auditors. As described above, Eaton is a multinational global company with operations in over 50 countries. We not only have our annual consolidated audit, but numerous statutory audits performed by our audit firm in the countries in which we operate. We only consider Big Four audit firms as potential independent auditors as there is a concern as to whether a second-tier audit firm would have the ability to sufficiently service a company of our size and breadth. We engage all of the remaining Big Four accounting firms who are not engaged as our independent auditor to perform a variety of services that are necessary for the operation of our businesses. An audit firm rotation requirement would create substantial disruption in determining how to disengage the current auditors and engage a successor firm who is likely already providing many other services to us.

As previously noted, we understand there is specialization among audit firms in certain industries, such as financial institutions, airlines, manufacturing and industrial markets. Firms develop substantial, industry-specific knowledge in these markets and this allows them to perform effective, efficient and high-quality audits. Successor audit firms that lack such industry-specific knowledge initially will have a higher risk of audit failure.

8. If rotation would limit the choice of auditors, are there steps that could be taken to allow a company sufficient time to transition out of non-audit service arrangements with firms that could be engaged to perform the audit? Are there other steps that could be taken to address any limitation on auditor choice?

Response:

We do not believe that a mandatory audit firm rotation requirement will enhance independence or provide meaningful benefits to investors or shareholders. However, if the Board is to move forward with the development of an audit firm rotation proposal, our recommendation, as noted in our response to question #1, should be a substantial term length (10 to 15 years) for an audit firm so as to limit disruption and allow for a smoother transition to a successor firm. Eaton, as well as other public companies, will have significant challenges in coordinating the rotation of audit firms as well as engaging firms for other services necessary to the Company. Coordinating these efforts will be disruptive, costly and increase the risk of audit failure. Any steps taken to address a limitation on auditor choice should not be mandated by the Board, but determined by the respective company and audit firm.

9. If rotation were required, would audit firms have the capacity to assign appropriately qualified personnel to new engagements? If they do not currently have that capacity, could firms develop it in order to be able to compete for new clients, and would they do so?

Response:

We believe that an audit firm rotation requirement would have severe and negative consequences to assigning qualified personnel to engagements. These consequences would be primarily related to an inability of audit firms to consistently assign qualified personnel to new engagements. We believe a rotation requirement will have a severe impact on recruiting, retaining and maintaining a high level of experienced personnel in the auditing industry due to the high level of uncertainty and instability that a mandatory audit firm rotation requirement would create. As a result, we also believe audit firms will be unable to develop capacity of experienced personnel that is necessary to perform audits with a high level of quality, objectivity and professional skepticism.

From time to time, we experience recruiting challenges with the required rotation of senior audit personnel under the current requirements. Upon a total firm rotation requirement, audit firms will have an even greater challenge recruiting and retaining enough sufficiently qualified personnel, as a larger staff will be necessary to accommodate the initial volume and complexity of data and analysis that accompanies a new engagement, and to do all of this within the compressed reporting timeline under SEC filing requirements. The cost of obtaining additional resources, if even available, would be high. The outcome to such a sourcing dilemma is a lower-quality audit and increased risk of audit failures, increased costs for audit firms and clients, and overall disruption for clients.

10. Would rotation create unique challenges for audits of multinational companies? For voluntary rotations that have taken place, what have been the implementation and cost issues and how have they been managed?

Response:

Mandatory rotation requirements would create unique challenges for audits of multinational companies. Significant effort and resources, both internally and by the independent audit firm, are required to coordinate a world-wide audit which may include providing audit direction to engagement teams in multiple countries in South America, North America, Europe, the Middle East, Asia and Australia. The logistical aspect is only one component of planning and performing an audit of a multinational company. A successor firm would also need to engage in and understand the accounting circumstances and operations of the business, as well as relevant country- and industry-specific information.

From an internal perspective, another unique challenge would include managing audit firm overlap as firms rotate on to and off of companies. For example, the predecessor audit firm may be completing the year-end audit while the successor firm is planning the first quarter review. It will be challenging and disruptive for a company to manage this overlap, *compounded because it will be occurring at multiple companies that are all rotating audit firms within the same period.*

11. Would increased frequency of auditor changes disrupt audit firms' operations or interfere with their ability to focus on performing high-quality audits? How would any such disruption vary by firm size? For example, would a rotation requirement pose fewer or more implementation issues for smaller firms than for large ones?

Response:

We believe that a mandatory audit firm rotation requirement would disrupt audit firm operations and their ability to plan and perform high-quality audits. As auditors simultaneously conclude one engagement and plan for a new engagement as a successor audit firm, it will be very difficult to maintain the level of focus and attention to detail necessary to plan and perform an independent, high-quality audit. This will have a greater impact on clients that are large accelerated filers, as the timing is compressed to comply with SEC filing requirements. It is necessary to understand all of the facts and circumstances of the company being audited in order to plan and perform an audit in an objective manner, and this requires sufficient time and focus. The issues we have noted will negatively impact objectivity and professional skepticism, which are critical components of independence and audit quality. These issues may be less significant or frequent for smaller firms, as they are less likely to engage large, multinational companies as clients. However, due to resource constraints, smaller firms may be challenged with recruiting and retaining qualified personnel.

12. Would audit firms respond to a rotation requirement by devoting fewer resources to improving the quality of their audits? Would firms focus more on non-audit services than on audit services?

Response:

A rotation requirement may result in fewer resources being devoted to improving the quality of audits, as audit costs and fees will be much higher under a rotation requirement. Support personnel in audit firms will also increase to support the coordination of rotating many audit engagements simultaneously. There is a limit to the amount of additional costs that can be passed onto the company being audited and this will make it very difficult for audit firms to manage profitable audit engagements. As a result, audit firms may focus more on non-audit services, both to balance out disruption from rotation requirements and because non-audit services will be more profitable. This will create a challenge for companies choosing a successor firm, as some audit firms may not wish to be considered for the audit if they are performing profitable non-audit services for the company that is seeking a successor audit firm.

13. Would rotation have any effect on the market for non-audit services? Would any such effect be harmful or beneficial to investors?

Response:

A rotation requirement will impact the market for ***all*** *services associated with audit firms. It is not unusual for multinational companies to engage the services of most, if not all, of the Big Four accounting firms for various, necessary services. From an Eaton perspective, all of the Big Four firms are engaged for audit or non-audit services as needed. A rotation requirement would create unique coordination challenges in determining a successor audit firm (that may be doing non-audit services). This would be extremely disruptive, result in higher costs and place greater demand on resources. Additionally, audit fees will increase. In the current environment, it is not uncommon for firms to incur losses during the initial years of a new engagement. These losses are an investment made by firms and are recouped over time as they move up the learning curve. Under a mandatory rotation it is unlikely that firms will be willing to accept these costs as there may not be sufficient time to recover their investment. Another challenge is that the audit firms who are engaged in non-audit services may be unwilling to be considered for the audit engagement, either to balance out the disruption within their firm from other rotations or because the non-audit services are more profitable.*

A rotation requirement would be harmful to investors due to the pervasive disruption companies will experience, as well as higher costs incurred.

14. Some have expressed concern that rotation would lead to "opinion shopping," or that in competing for new engagements firms would offer favorable treatment. Others have suggested that rotation could be an antidote to opinion shopping because companies would know that they could not stick with a firm promising favorable treatment forever. Would opinion shopping be more or less likely if rotation were required? If rotation limits auditor choice, could it at the same time increase opinion shopping?

Response:

We are unable to comment on how other companies may engage a new independent auditor. Nor can we comment on how independent auditors may market their audit services. However, we suspect that this would decrease opinion shopping since there will be so few options as a company looks to engage a successor audit firm upon rotation. From an Eaton perspective, the independent auditor would be selected by our independent audit committee based on a variety of factors, including knowledge and experience in our industry, ability to perform an audit in an efficient and effective manner, track record from a quality perspective based on PCAOB and peer review reports, and cost.

15. What effect would a rotation requirement have on competition for audit engagements? If competition would be increased, how might that affect audit quality?

Response:

Depending on the term length requirement that the Board would propose, a mandatory audit firm rotation may have a significant effect on the competition for audit engagements and a negative effect on audit quality. Shorter term lengths would result in firms competing more often for new engagements, with the level of time and effort by partners of audit firms to market services and develop proposals increasing, detracting from a focus on audit quality. The reduction of time and effort by the partner on the audit due to time spent on competing for successive audits of new clients would negatively impact auditor objectivity and professional skepticism.

16. Are there any requirements the Board should consider to mitigate any risks posed by rotation? For example, are there enhancements to firms' quality control systems that might address such risks?

17. If the early years of an auditor-client relationship pose higher audit risks than later years, should the Board require firms to provide additional audit supervision and oversight in the first year or two of a new engagement? Should the Board impose such a requirement for auditor changes even if it does not further consider requiring audit firm rotation? If firms are accepting new clients but are unable to perform quality audits for them until several years have passed, should the Board require enhanced client acceptance procedures? What impact would additional requirements of this type have on audit costs?

18. If mandatory rotation were required, are existing standards relating to communications between predecessor and successor auditors sufficient? Should additional communications be required? For example, should the outgoing auditor provide the incoming auditor with a written report outlining audit risks and other important information about the company?

19. Are there other audit procedures that should be required to mitigate any risks posed by rotation?

Response (Questions 16 – 19):

We believe audit firms and the related companies should be responsible for determining the best course of action to mitigate any of the issues, risks, or communications noted in questions 16 through 19.

20. If the Board moved forward with development of a rotation proposal, should consideration be given to the recommendation for a cause restriction on the company's ability to remove an auditor before the end of a fixed term? Would such a provision be useful? Would there be unintended consequences of such a requirement? Should the Board work with the SEC on implementation of this recommendation? Are there other matters on which the Board should coordinate with the SEC?

Response:

We do not believe that an auditor rotation requirement is a viable option to increase independence considering the costs and disruption that will occur. As noted above, we believe the current requirements of the Act ensure a high level of auditor independence. We believe the audit committee to be the appropriate body to assess independence, audit quality and performance by the independent auditors. The audit committee should have sole responsibility to appoint, terminate and compensate the independent auditor. A "cause restriction" would undermine the audit committee's authority and ability to diligently carry out their duty to assess the performance, quality and independence of the independent auditor. As such, we would not support a cause restriction to limit a company's ability to remove the independent auditor.

We believe that there are other areas in the audit process that may be evaluated to enhance independence. We recommend that the Board consider certain recommendations noted above that we have included in the letter accompanying these responses. These recommendations are focused on ideas to enhance audit quality, primarily related to independence training ideas and better communication between the audit committee, independent audit firm and management. These suggestions are a more balanced approach than a drastic measure of mandatory audit firm rotation. These concepts are more fully described above in our letter accompanying these responses.

21. What other transition issues might arise in the first year of a rotation requirement? How should the Board address these issues?

Response:

Any other transitional issues should be the responsibility of audit firms and the related companies to determine the best course of action. The Board should not address any transitional issues.