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

Re: PCAOB Rulemaking Docket Matter No. 37

Members of the Board:

The audit committee of Brown Shoe Company, Inc. ("Brown Shoe") appreciates the opportunity to respond to the Public Company Accounting Oversight Board's ("PCAOB") Release No. 2011-006: *Concept Release on Audit Independence and Audit Firm Rotation* ("Release").

The audit committee of Brown Shoe strongly supports the PCAOB's goal of increasing audit quality through auditor independence and professional skepticism. However, we do not support the proposal of mandatory auditor rotation to fulfill this goal. In fact, the Release states that there is no definitive evidence linking long-term audit firm tenure to audit failure.

We believe mandatory audit firm rotation would result in a decrease in auditor independence and professional skepticism, as well as decreased audit quality, increased costs to Brown Shoe and its shareholders and inhibited corporate governance by the audit committee.

### **Independence**

Brown Shoe relies on a limited number of large accounting firms for non-audit services to prevent hindering the independence of our audit firm. As such, a mandatory audit rotation would not only have an impact on the audit but also on crucial non-audit services. As the rotation period approached, Brown Shoe would need to consider the implications of such rotation on non-audit services, potentially limiting the pool of qualified service providers for such non-audit services.

The PCAOB could further restrict the audit/non-audit service guidelines, but with a limited number of large accounting firms this would further constrain Brown Shoe's ability to engage firms for quality audit and non-audit services and result in a juggling act of firms and services.

We believe that the current rules around mandatory partner rotation are appropriate and achieve many of the goals the audit firm rotation proposal seeks to accomplish.

## **Reduced Audit Quality**

Brown Shoe is a Fortune 1000 global footwear company with a complex operating and financial reporting structure. Our operations include over 1,300 retail stores, more than 50 branded and licensed products, international sourcing of over 64 million pairs of shoes and numerous e-commerce sites, all supported by over 13,000 employees. It takes a considerable investment of time and resources for an audit firm to thoroughly understand our operating and financial reporting structure. We believe industry and company specific knowledge, gained over time and with experience, truly increases the quality of the audit. Mandatory auditor rotation would result in a loss of this industry and company knowledge when the auditor rotation occurs.

## **Increased Costs**

With such a complex structure, Brown Shoe would incur significantly increased costs during the initial audit period with a new auditor due to the time and resources required to obtain an in-depth understanding of our operating and financial reporting structure. In addition to the potential increase in external fees, the mandatory auditor rotation would place a significant strain on internal resources to support the auditor. This cost would be recurring in nature because the auditor would rotate after a mandatory number of years and Brown Shoe would again experience an increase in costs and strain on internal resources.

## **Reduced Audit Committee Governance**

Mandatory auditor rotation would also inhibit our audit committee's ability to freely choose its audit firm in the market. This would decrease competition amongst audit firms, increase overall fees and reduce the power of the audit committee to make the best governance choice for Brown Shoe. The audit committee has a fiduciary responsibility to our shareholders that is held in the highest regard and mandatory auditor rotation threatens to limit our ability to completely fulfill those responsibilities.

In summary, we believe the current rigorous PCAOB inspection process provides a strong incentive to perform quality audits and provides for the continuous improvement in audit quality. While we support the PCAOB's goal of increasing audit quality through auditor independence and professional skepticism, we do not believe mandatory auditor rotation will fulfill this goal.

Respectfully submitted,

Mr. Hal J. Upbin  
Chairman, Audit Committee of the Board of Directors of  
Brown Shoe Company, Inc.