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December 21, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

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

Dear Board Members:

The purpose of this letter is to express our thoughts concerning your Concept Release regarding Auditor Independence and Audit Firm Rotation (the "Concept Release") issued by the Public Company Accounting Oversight Board ("PCAOB") in August. We share the PCAOB's interest in ensuring the continuing high quality and reliability of audits conducted by independent certified public accountants.

We have read the Concept Release noting the various arguments included both for and against mandatory periodic rotation of auditors and the commentary and comment letters that were sent to you over the last 100 days. After giving consideration to all these points and others raised in discussions held among Havertys directors, officers and employees, we can not support mandatory auditor rotation because we believe such a requirement would unnecessarily disrupt business activities, distract senior management, likely increase the cost of our audit services, and potentially increase the risk of failed audits, particularly in the early years of a "new" auditors' relationship with Havertys.

In our view, mandatory auditor rotation is clearly not the most efficient or effective way to enhance auditor independence and audit quality. We are not aware of a clear line that has been established between mandatory firm rotation and the prevention of audit failures.

We do concur with the Cohen Commission's 1978 assertion that "many of the asserted advantages of rotation can be achieved if the public accounting firm systematically rotates the personnel assigned to the engagement." We believe audits are far more likely to be compromised because of a relationship between individuals involved in the audit and members of the company's management team than by the relationship between the firm as an entity and the corporation. We therefore believe that current policies respecting the rotation of audit personnel are the appropriate policy response.

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The charter of the Audit Committee of the Havertys Board of Directors states it is the responsibility of the Audit Committee to monitor the relationship between the company and its auditors and to take action as required to ensure the continuing independence of the auditors. We believe this responsibility is appropriately discharged by our audit committee and are not aware of data suggesting that auditor independence is not being adequately and effectively addressed by existing policies.

Our belief that a mandatory rotation requirement would substantially increase the cost of audit services is a major factor in our opposition to the Concept. We expect costs will increase for all of the following reasons:

- Audit personnel would have to be oriented to the company's facilities, contact personnel, history, accounting systems and records, internal control systems and procedures, and accounting methodologies.
- In addition, the new auditors would have to develop (perhaps in part by obtaining and reviewing copies of the prior auditors' audit documentation) a complete understanding of historically significant events.
- Substantial senior management time (on both sides) would be devoted to revisiting significant accounting decisions made in prior years.
- Additional effort would be required in determining the form, content and timing of information exchanges between the company and its auditors.
- Additional effort would have to be expended in coordinating the activities of the company's internal audit staff in support of the independent auditors' objectives.
- First (and possibly second) year audit engagements are inherently less efficient than recurring engagements.
- The coordination of information exchanges between auditors and professionals that provide audit support (actuaries, attorneys, information services, banks, lenders, etc.) would be less efficient for all involved.
- Firms would spend resources competing for engagements and pursuing potential clients if the largest companies were required to change auditors. These costs would be passed along to clients.

The company will also incur additional internal administrative costs associated with the selection of a replacement auditor, and these costs are not insignificant. Senior Management and Audit Committee time must be spent preparing invitations for bids, providing background information to bidders, evaluating responses, interviewing candidates and ultimately selecting a successor auditor.

Many of the above listed cost considerations also give us reason to believe audit quality in the first year will likely suffer. We believe, as do many who have written on the topic, that there is a higher risk of audit error in a first year engagement due to the unfamiliarity of audit staff personnel with the balance sheet, the business and the critical audit issues, as well as a reduced likelihood of the audit uncovering intentional management fraud. In short, the proposal is in many respects a policy in search of a problem. It is far more likely to compromise — rather than advance — the accuracy and reliability of audits, while imposing unnecessary and burdensome costs, some of which we have highlighted above.

We appreciate the opportunity to express our views and sincerely recommend that you abandon the current proposal.

Sincerely

John T. Glover
Chairman
Audit Committee of the Board
Haverty Furniture Companies, Inc.