



November 23, 2011

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

PCAOB Release No. 2011-06, Rulemaking Docket Matter No. 37

Dear Office of the Secretary:

On August 16, 2011, the Public Company Accounting Oversight Board (PCAOB) issued a concept release on auditor independence and audit firm rotation. The release requests input on ways auditor independence, objectivity, and professional skepticism could be enhanced, and is primarily focused on the issue of mandatory audit firm rotation. On behalf of Lender Processing Services, Inc. (NYSE: LPS) I appreciated the PCAOB's decision to seek input from stakeholders on the Release and am pleased to respond to the request for comments. This letter addresses the following areas in which the PCAOB is seeking input on this topic:

- Whether mandatory audit firm rotation would enhance auditor independence, objectivity and professional skepticism
- Advantages and disadvantages of mandatory audit firm rotation
- Impact on audit quality and costs

Overall, we disagree with the proposed concept release regarding mandatory audit firm rotation. As the Chief Accounting Officer of a public company, I do believe in increasing the overall reliability of financial reporting, and believe that the independence and overall quality of our external auditors is a significant contributing factor in accomplishing that goal. I also believe that the numerous rules and regulations that have been enacted to ensure auditor independence negate the need for a requirement for audit firm rotation. Below, I have outlined the potential negative consequences to establishing a requirement for mandatory audit firm rotation:

- *There is significant history and expertise in the incumbent firm and a change would decrease audit quality for a time.* As is the case with LPS, our external auditors have a deep knowledge and understanding of our company that enhances the quality and efficiency of the audit. Audit quality comes with time and experience. An audit firm rotation would take a significant amount of start-up time in order to educate the auditors of the business model, history, key client contacts and the audit plan. During this time, audit risk would greatly increase, which would in turn decrease audit quality for a period.



- *Increase in the cost of audits.* For each new rotation, the audit firm would spend increased time on the initial stages of the audit, which would mean higher audit fees for clients without any guarantee of increased assurance. Although a new audit firm would provide an independent look at the financial reporting practices of its' clients, I believe that the same result can be accomplished by the current audit partner rotation rules as well as the firms' programs such as Engagement Quality Control Reviews.
- *Burden of maintaining independence with at least two firms at all times.* Currently, many companies such as LPS work closely with multiple other audit firms that provide them with certain non-audit services. The mandatory audit rotation requirement would limit the firms that could be used for consulting services and would cause availability issues, especially in smaller markets that may have a limited number of audit firms that are qualified to perform audits. This creates a larger burden on audit committees to find solutions for their audit and consulting needs and may result in increased costs if teams need to be sourced from a different location. Further, from an audit firm perspective, I believe the rotation program would cause a firm that was rotating off an engagement to be consumed with selling non-audit services to the client.
- *Diminishes importance of the firm selection process.* The audit firm rotation denies audit committees the opportunity to select who they believe to be the best auditor for the company. For Fortune 1000 companies, a mandatory rotation causes a reduction in competition by 25% as companies are forced to chose among the remaining three top-tier audit firms. Audit committees would have to incur additional time, costs and inefficiencies executing the auditor selection process, which includes due diligence. There has been no evidence that the current selection process and overall functioning of audit committees are deficient. As the audit committee is in a position to monitor client service and objectiveness of the auditor, I believe we should continue to rely heavily on the expertise and responsibility that is given to this committee of the board of directors.

Based on the above, I believe mandatory audit firm rotations do not improve audit quality and the costs and potential consequences do not provide an appropriate risk/reward for any potential benefit that it could possibly provide. Furthermore, the incremental costs associated with this program would be greater than the industry should have to bear without any concrete benefit. I believe that the PCAOB should focus their time and efforts on continuing to improve current auditing standards for public company auditors, auditor independence, objectivity and professional skepticism through other methods.

Respectfully,

A handwritten signature in black ink, appearing to read "C. Breakiron", written over a light blue horizontal line.

Chris Breakiron
Chief Accounting Officer