

December 12, 2011

Sent via email: [comments@pcaobus.org](mailto:comments@pcaobus.org)

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**

On behalf of Newell Rubbermaid Inc. (NYSE: NWL), we are pleased to respond to the request for comments from the Public Company Accounting Oversight Board (the “PCAOB”) on its Concept Release on Auditor Independence and Audit Firm Rotation (the “Concept Release”). We appreciate the PCAOB’s decision to seek comment from stakeholders, and support its goals of improving audit quality and protecting investors. It is our belief that annual PCAOB inspections have had a significant and positive impact on audit quality. However, we do not believe that mandatory audit firm rotation would have a similar impact on audit quality. To the contrary, we are concerned that mandatory audit firm rotation will create additional burdens on companies and audit firms that increase overall cost, while potentially decreasing audit quality.

Audit firms make significant commitments in assembling staffing and developing expertise to audit a Fortune 500 company. We believe this commitment by an audit firm, combined with institutional knowledge that accumulates over time greatly enhances audit quality. Under a mandatory audit rotation, the learning curve resets with each rotation, exposing stakeholders to a ramp-up period of increased risk of audit failure. Introducing a mandatory audit rotation requirement may also have the unintended consequence of limiting the number of firms with the necessary industry and company specific expertise. A mandatory rotation could introduce a mindset among firms that they are eventually assured of a place in the audit rotation, thereby undermining the importance of audit quality as firms would simply need to “wait their turn”. Ultimately, we believe audit committees are in the best position to make a determination as to the appropriateness of their independent audit firm, and a mandatory rotation requirement might otherwise necessitate selecting a less qualified audit firm with less industry and institutional knowledge. As a result, mandatory rotation may actually have the unintended consequence of decreasing audit quality.

A change in audit firm is both costly and disruptive to a company. Audit firms require start up time to develop knowledge of a company, its operations, personnel, systems and key processes to assess risk and formulate an audit approach. With each rotation, the successor audit firm incurs start-up time and performs additional procedures to address risks associated with a new audit. Rotation would involve a selection process, diligence among competing firms, and the inefficiencies of supporting a

new firm while it becomes familiar with the company and its operations - all of which would result in business disruption and incremental costs to the company.

We believe adequate safeguards presently exist to address auditor independence, objectivity and professional skepticism. Auditing standards and oversight designed to maintain audit quality include mandatory partner rotation, independent partner review, training, peer reviews and PCAOB inspections. Furthermore, the Sarbanes-Oxley Act increased audit committee responsibilities to include the appointment, compensation and oversight of the company's audit firm.

The Concept Release challenges whether mandatory audit firm rotation would improve audit quality and therefore reduce audit failures, while also acknowledging that the PCAOB's preliminary analysis of inspection results regarding reasons for audit failures does not show a correlation between audit tenure and audit failures. The Concept Release acknowledges that the underlying causes of audit failures are very complicated and that the issues identified by PCAOB inspections require further analysis before it is appropriate to conclude there exists a clear correlation between audit tenure and audit failure. We believe that obtaining a deeper understanding of the underlying causes of audit failures could provide the PCAOB with insight towards whether the aforementioned audit safeguards are working as intended. It is our view that adding another standard as to mandatory audit firm rotation will not accomplish the PCAOB's larger goals of ensuring audit quality if the aforementioned safeguards are not operating as intended.

Based upon the above, we do not believe mandatory audit firm rotation will increase audit quality, but rather potentially have the unintended consequence of diminishing audit quality and increasing cost. We believe the PCAOB would be more effective in improving audit quality by continuing to ensure that existing standards are being properly applied.

We appreciate the opportunity to comment on the Concept Release and thank you for your consideration.

Sincerely,



Scott S. Cowen  
Audit Committee Chairman



John B. Ellis  
VP, Corporate Controller and Chief Accounting Officer