



P.O. Box 120 • Columbus, GA 31902

December 13, 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  
Release No. 2011-006, "Concept Release on Auditor Independence and Audit Firm Rotation"

Dear Board Members:

Synovus Financial Corp. ("Synovus" or "the Company") appreciates the opportunity to respond to the "Concept Release on Auditor Independence and Audit Firm Rotation" that is contained in Release No. 2011-006 dated August 16, 2011 ("the Release") of the Public Company Accounting Oversight Board ("the PCAOB" or "the Board").

Synovus is a financial services holding company, based in Columbus, Georgia. Synovus provides integrated financial services, including commercial and retail banking, financial management, insurance, and mortgage services through 324 branch banking locations plus other Synovus offices in Georgia, Alabama, South Carolina, Florida, and Tennessee. As of September 30, 2011, Synovus had total assets of approximately \$28.3 billion, total loans of approximately \$20.1 billion, total deposits of approximately \$23.1 billion, and total shareholders' equity of approximately \$2.8 billion.

Synovus supports the Board's efforts to search for ways to enhance auditor independence, objectivity, and professional skepticism beyond the improvements already made as a result of the Sarbanes-Oxley Act. Having an objective and professional audit is important to our company and its shareholders. However, after careful consideration of the Release, Synovus is opposed to the mandatory audit firm rotation rule because it will reduce, not increase, the effectiveness of audits, while increasing related costs and administrative burdens. In our opinion, the current professional, regulatory, and enforcement framework is effective in helping to ensure that audit firms comply with professional practice standards. We believe that the current framework should continue to be enhanced, but not by imposing mandatory rotation of audit firms by public companies. The independent audit committee plays an important role in overseeing the audit engagement with the external auditor, and through this oversight responsibility, it is able to evaluate and provide key insights about which firm is well positioned to perform a quality audit for the company and its shareholders. We believe that the audit committee is in the best position to evaluate whether the external auditor is independent, objective, and exercises an appropriate level of professional skepticism. Furthermore, we believe that the audit committee is in the best position to appoint and retain the audit firm they believe best meets shareholders' needs. This proposal would diminish the benefits of the audit committee's role in engagement oversight and its ability to determine when a change in financial statement auditor is necessary. In addition, we believe the real costs of this proposal to companies and audit firms will outweigh the potential benefits to the investing public, and result in unintended consequences that the PCAOB should consider, including the potential for decreasing audit quality and effectiveness in the early years of an auditor's tenure and increasing costs associated with rotating financial statement auditors.



The quality of an audit depends as much, if not more, on the auditor's knowledge of the client and the industry in which the client operates as it does on the auditor's independence. Mandatory auditor rotation would result in a decrease in the quality of the audit during the first few years of the engagement due to the loss of knowledge of complex transactions and decisions made on critical accounting estimates in previous years because it would be difficult for the new audit firm to have the appropriate level of knowledge and understanding of our company's operations. This lack of understanding would create additional risk until the new firm developed the appropriate level of understanding. It takes time for an audit firm to gain knowledge of the company's operations, information systems, accounting practices, and internal controls to design quality audit procedures. In order to perform a thorough, comprehensive and effective audit, the auditing firm must have a solid understanding of, and familiarity with, the client and the client's industry. There will be a significant learning curve in building an understanding of the complexities of a new company or industry in order to recognize the risks that may impact the fair presentation of a company's financial statements and disclosures. Industry expertise combined with institutional knowledge gained over time significantly enhances the quality of the audit, and these skills can only be developed over time. By mandating audit firm rotation, extensive knowledge likely will be lost and a decrease in the effectiveness, efficiency, and quality of the audit may occur in the early years of an engagement. In addition, requiring mandatory audit firm rotation may lead to increased audit costs as a newly engaged audit firm may require additional staffing and time devoted to audit work in the early years of an engagement to help ensure a thorough and comprehensive audit. Additional costs will also be incurred as dual auditor coordination is required in obtaining predecessor auditor sign-off on relevant prior years' data in most disclosed financial information.

Public company audits currently undergo various efforts to improve auditor independence and the quality of financial reporting, including mandatory audit partner rotations, requirements of the audit team to vary the timing, scope and nature of its audit procedures, and PCAOB inspections, all of which have had a beneficial impact on the reliability of financial reporting without substantially increasing the amount of resources required to help ensure the execution of a quality audit. The rotation of lead and review partners on the audit has been beneficial to the audit process because the new partner challenges the status quo on their client's financial reporting and auditing process and provides a fresh perspective into the evaluation of key accounting decisions.

In our opinion, the current PCAOB review process provides a strong incentive to perform quality audits and achieves the purpose of ensuring auditor independence, objectivity, and professional skepticism. In addition, audit firms maintain an extensive internal quality review process, and partner rotations are mandatory, which reinforces auditor independence and objectivity. We do not believe mandatory audit firm rotation requirements will have any considerable positive impact on the PCAOB's goal of enhancing auditor independence, objectivity, and professional skepticism, and may result in decreased audit quality. Also, the proposed requirement may not only increase audit costs, but may also significantly increase the amount of time and money companies spend evaluating, selecting, and educating new auditors about the intricacies of the company, when it should be focused on the company's operations. Due to the concerns mentioned above, Synovus Financial Corp. respectfully requests that the Board reconsider its proposal to require mandatory rotation of audit firms.

Thank you for the opportunity to submit our comments. Synovus appreciates the PCAOB's careful consideration of this issue.

Sincerely,



Liliana McDaniel  
Chief Accounting Officer