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ManpowerGroup

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VIA E-MAIL 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

Members of the Board:

The management and the Audit Committee of the Board of Directors of Manpower Inc., d/b/a ManpowerGroup, is pleased to have the opportunity to submit comments to the Public Company Accounting Oversight Board on its Concept Release on Auditor Independence and Audit Firm Rotation. While we agree that auditor objectivity, independence and skepticism are indispensable objectives for the protection of investors, we believe that auditor rotation would not accomplish those goals without significant countervailing detriment to audit quality.

ManpowerGroup has a global network of nearly 3,900 offices in over 80 countries and territories. We provide innovative workforce solutions and services to global, multinational and local companies in all industry segments. We have approximately 30,000 full-time employees. We estimate that we recruit on behalf of our clients approximately 3.5 million permanent, temporary and contract workers worldwide each year. Our 2010 revenues were approximately \$18.9 billion. Our business is large and complex, and we feel that our audit firm's familiarity with our business enhances audit quality.

We disagree with the proposal to implement mandatory auditor rotation rules for a number of reasons. In particular, we feel that mandatory rotation would result in a loss of institutional knowledge; increase audit costs; reduce audit quality; alter the market for audit services to the detriment of public companies and investors; and potentially lead to additional conflicts of interest. We also believe that there is a lack of evidence that mandatory auditor rotation would remedy audit deficiencies.

We believe that the risk of an audit failure is heightened in the initial years of an audit, because the new auditor needs to acquire detailed knowledge of the company's business, corporate structure and financial reporting practices. Each time a company changes auditors, the auditor's institutional knowledge of the company and its industry is destroyed, and the company must start fresh re-building that knowledge. This institutional knowledge is valuable for investors because it enhances the quality of the audit. In contrast, audits are often less efficient at the beginning of an engagement, and if the auditor is unable to obtain the requisite knowledge quickly, the risk will increase that the auditor may fail to detect a material financial reporting issue. An auditor's familiarity with the business of the client increases audit quality and timeliness, because the auditor can be more prepared to spot accounting

issues and assumptions when it is not tasked with learning the basics of the business under the pressure of an accelerated reporting timeline. An experienced auditor may have a better appreciation for the changes that have occurred since the last audit and a deeper understanding of the issues faced by the company, making the audit more effective.

Mandatory audit firm rotation will increase costs for audit firms and public companies. It is inevitable that an audit firm will face a learning curve with any new audit engagement, particularly with large public companies. The auditor will need to devote extra time and resources to the audit of a new client, and the costs will most likely be passed along to the company. In addition, when a new auditor is engaged, it is necessary for a company's management to devote extra time to the audit, resulting in lost productivity. Companies will need to spend more time and money in the auditor selection process. Having rotated auditors twice in the last decade, we have experienced these costs and inefficiencies firsthand. Additionally, audit firms will likely increase marketing budgets to attract new clients as the terms of the current clients come to an end. This is an inefficient use of public company resources, particularly during tough economic times, and in light of the already heavy financial burden of compliance with existing regulations.

Although auditors must retain independence and professional skepticism, intimate knowledge of the company and its management helps auditors to exercise the judgment necessary for an effective audit. Even if a long-standing relationship between a company and an audit firm may create an appearance of a lack of independence, it can actually give auditors the experience necessary to recognize when management is not revealing important information. Open communication between management and auditors is crucial to a thorough audit, and an auditor that is knowledgeable about a company is likely in a better position to uncover hidden information than one who is unfamiliar with the management team. Over time, an auditor is likely to have more intuition about when someone at the company is being less than completely honest than someone with limited experience with the company.

Evidence shows that many public companies have long-standing engagements with their audit firms; however, this does not necessarily lead to a lack of skepticism on the part of the auditor. In addition to audit partner rotation, there is a natural employee turnover within companies and firms, which means that there are individuals giving the company's financial statements a fresh look on a regular basis. Moreover, when any significant issues arise in the course of an audit, local audit teams pass the issues to the national professional practice office, which is generally comprised of professionals with no personal connection to the company's finance team. This context, combined with safeguards such as independence standards, audit standards, ethics rules and independent regulatory oversight, promote auditor independence and skepticism.

Further, audit quality could suffer, and costs could rise, as a result in the shift of the balance of the market for audit services that would be caused by mandatory rotation. The market for audit services is already limited, with the vast majority of public companies using the big four firms. After the passage of the Sarbanes-Oxley Act, many audit firms stopped auditing public companies, rather than register with PCAOB. A market exodus could occur again among smaller audit firms, because the cost of obtaining new public company clients is significant, and the mandatory rotation will mean that the length of the engagement will be necessarily limited. A retraction of the number of potential providers of audit services will likely cause costs to rise for public companies. Companies may have to compete for audit firms with a particular industry expertise, causing upward pricing pressure. Accounting firms may feel complacent because the guarantee of rotation and existing conflicts of interest may mean an automatic selection. This is of particular concern to us because of our large international presence, and our need to engage an auditor that can cover the scope of our international operations. There are very

few firms in existence today that have the international presence and experience that is needed to audit a company as complex and far-reaching as ManpowerGroup.

The quality of audit services may decline when the end of the company's term is approaching. For example, when a company approaches the date for an auditor rotation, the audit firm may move the best personnel off that client's team, so that it can use that talent to attract new accounts. On the other hand, the auditor's independence may be compromised towards the end of the term because the auditor anticipates that it will well-positioned to provide non-audit services to the company after the end of the term, giving the audit firm an incentive to please the company.

We are also concerned that imposing mandatory audit firm rotation will diminish the role of the audit committee. Over the last decade, regulations have drastically tightened independence requirements of audit committee members, and shifted authority for auditor selection and oversight of audit fees to the audit committee. The result is that public company audit committees are increasingly comprised of skilled individuals who are free from management influence. These committee members have the duty to select the auditor that is the best fit for the company, to ensure the highest quality audit. Not all audit firms have the same expertise, so forcing a change may result in a switch to a firm that does not have the ideal skill set for the job. Mandatory audit firm rotation takes the decision to change firms out of the hands of the audit committee, and in some cases may force audit committees to select an audit firm that the committee feels is less qualified, simply because the selection of firms that have the capability to audit a large public company is so limited.

Because large public companies frequently have audit and non-audit engagements with more than one of the big four accounting firms, the chance for conflicts of interest to arise in the future is great. Mandatory rotation may make it difficult for companies to find an audit firm that has not consulted for the company, and therefore lacks independence. Companies may be forced to choose an audit firm simply because it is the only firm available that has not consulted during the audit period, or alternatively companies may choose not to engage the best qualified firm for non-audit services because they anticipate the need to engage that firm for audit services at the time of a mandatory rotation. Moreover, changing audit firms may have a domino effect that forces changes in the company's audit committee membership or internal audit personnel to preserve independence. That is, the new audit firm must sever all prohibited relationships and cease providing non-audit services with the company before the beginning of the audit engagement period.

We have not seen evidence that the types of audit deficiencies that the PCAOB has found through its inspection program, as described in the Release, are the result of a lack of auditor skepticism or independence issues with audit firms, or that mandatory audit rotation would address these issues. As the Board notes, "Audit failures can also reflect a lack of technical competence or experience, which may be exacerbated by staffing pressures or some other problem." It is not clear that mandatory rotation would help with the audit deficiencies that the PCAOB has identified, but it is clear that it would be costly and inefficient for companies.

We believe that the current regulations, including the rotation of audit partners, auditor quality control measures and PCAOB oversight, are effective in improving auditor independence and audit quality. We believe that the implementation of rules requiring mandatory auditor rotation pose a number of practical problems and additional costs, with unintended consequences and potential detriment to audit quality. The strong, independent audit committees of today are key to maintaining audit quality and auditor independence. We would recommend that, in connection with PCAOB

inspections, the PCAOB should consider communicating directly with audit committees of subject companies regarding specific findings.

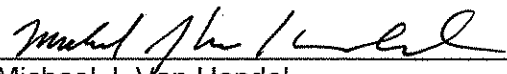
We appreciate your consideration of this letter.

Respectfully submitted,

ManpowerGroup



Jeffrey A. Joerjes,
Chairman, Chief Executive Officer & President



Michael J. Van Handel,
Executive Vice President & Chief Financial Officer

On behalf of the ManpowerGroup Audit Committee



Edward J. Zore,
Audit Committee Chairman