



F.N.B. Corporation

One F.N.B. Boulevard, Hermitage, PA 16148-3363
(724) 981-6000

December 14, 2011

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

Subject: Docket 037—Concept Release on Auditor Independence and Audit Firm Rotation

Dear Secretary:

F.N.B. Corporation is a \$9.9 billion regional public bank holding company listed on the New York Stock Exchange. As chairman of the Audit Committee, I appreciate the opportunity to submit comments on behalf of the Audit Committee and the Board of Directors regarding the PCAOB's concept release on auditor independence and audit firm rotation.

The PCAOB has acknowledged in the concept release the fact that mandatory firm rotation could increase costs and cause disruptions for companies and their auditors. We believe these costs and disruptions far outweigh any potential benefit to be gained from audit firm rotation. In addition to concerns over costs, we have concerns involving degradation of audit quality and availability of qualified firms.

Audit Quality: Audit quality concerns arise due to abrupt loss of institutional knowledge on the part of the audit team in the early years of firm rotation cycles. A new firm will face a significant learning curve that requires substantial time and cost to develop a comprehensive understanding of the complexities of the issuer's businesses. Sudden change in auditors for issuers involved in complex transactions increases audit risk due to the limited period of time available for a new firm to develop an understanding of the impact of such transactions on the issuer's financial condition.

Firm Availability: The supply of firms available that possess the relevant industry qualifications necessary to appropriately service most public companies, particularly those involved in complex business transactions, is limited. Mandatory audit firm rotation could have the affect of forcing companies into engaging firms that are not in the best interest of the client and the shareholders.


Cost Issues: Cost considerations include those associated with frequent and lengthy proposal processes, the start-up costs associated with frequent change in auditors as new engagement teams

learn the complexity of the client, and costs associated with consent letters from prior auditors, particularly for companies that are acquisitive or frequent issuers of debt or equity instruments.

It is our opinion that existing controls are sufficient to sustain auditor independence, objectivity and professional skepticism. Existing controls include the significantly increased responsibilities of Audit Committees over the prior ten years; the PCAOB inspection process designed to regulate the audit profession; and the natural turnover occurring in today's environment resulting from required partner rotations. The significance of the partner role cannot be overstated, as that is the person in the firm that is the primary and regular contact for executive management (i.e., CEO, COO, CFO, Controller, etc...). Simply rotating firms does not ensure the placement of a strong partner for the issuer's audit. Change in staff mix brought about by natural turnover also provides a balance between fresh perspectives and retention of institutional knowledge.

Given the lack of evidence to suggest that mandatory firm rotation improves audit quality, and in light of the risks outlined in this comment letter, we respectfully offer the suggestion that the PCAOB first consider further evaluation of root causes of audit failures.

Sincerely,

pp 

Harry F. Radcliffe
Audit Committee Chairman

cc: Calabrese, Vince
Delie, Vince
Gurgovits, Steve
Lilly, Brian
Malone, David
Martz, D. Stephen
Strimbu, William
Tvaroch, Christine