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December 14, 2011

Mr. James R. Doty  
Chairman  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006-2803

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

Re: PCAOB Rulemaking Docket Matter No. 37

Dear Chairman Doty,

On August 16, 2011, the Public Company Accounting Oversight Board (PCAOB) issued a concept release to solicit public comment on auditor independence and mandatory audit firm rotation. The member companies of the Business Software Alliance (BSA)\* have concerns about the concept release and urge its reconsideration.

Specifically, we are concerned about the unintended consequences that mandatory audit firm rotation would have on audit quality. We believe there are better means for improving objectivity and quality. To that end, we would appreciate a dialogue with the PCAOB to further explore the objectives in the concept release, including enhancing auditor independence, objectivity, and professional skepticism.

Rather than establishing arbitrary statutory limits for how long an auditor may be engaged, we think a more effective approach is to embolden audit committees to exercise their increased authorities under the Sarbanes-Oxley Act. The Board should not impose the expense of mandatory rotation unless there is irrefutable evidence that the benefits outweigh the costs. In a time of trying economic pressures, a "one-size-fits all" approach will increase audit costs and could result in undue financial burdens with no proven return for the

*\*The Business Software Alliance ([www.bsa.org](http://www.bsa.org)) is the leading global advocate for the software industry. It is an association of nearly 100 world-class companies that invest billions of dollars annually to create software solutions that spark the economy and improve modern life. Through international government relations, intellectual property enforcement and educational activities, BSA expands the horizons of the digital world and builds trust and confidence in the new technologies driving it forward. BSA's members include: Adobe, Apple, Autodesk, AVEVA, AVG, Bentley Systems, CA Technologies, CNC/Mastercam, Cadence, Compuware, Corel, Dell, Intel, Intuit, Kaspersky, McAfee, Microsoft, Minitab, Progress Software, PTC, Quark, Quest Software, Rosetta Stone, Siemens PLM, Dassault Systemes SolidWorks, Sybase, Symantec, and The MathWorks.*

investor. Audit committees already have the flexibility today to rotate audit firms if they determine it will be effective.

There are numerous studies that suggest serious disadvantages to mandatory rotation. Yet we have been unable to locate any empirical studies that demonstrate mandatory firm rotation would directly improve audit quality and performance. Meanwhile, there have been robust changes implemented in law and regulation in the last decade promoting independence and objectivity within the audit profession that should be carefully weighed during this project, including:

- requirements that the lead audit engagement partner rotates off the audit after 5 years;
- annual PCAOB inspections of the firms that perform public company audits; and
- independent board members solely comprise the audit committees

We ask that mandating audit committees to rotate auditors should only be considered after extensive economic and factual empirical analysis utilizing objective data proves beyond a doubt that audit quality would be enriched as a result, and the benefits outweigh the costs.

Thank you for your consideration of these comments and we look forward to a future dialogue with the PCAOB.

Sincerely,



Katherine McGuire  
Vice President of Government Relations

cc:

Lewis H. Ferguson, Board Member  
Daniel L. Goelzer, Board Member  
Jay D. Hanson, Board Member  
Steven B. Harris, Board Member