



January 19, 2012

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

We appreciate the opportunity to respond to the Board's Concept Release to solicit public comment on ways that auditor independence, objectivity and professional skepticism could be enhanced. We agree that these are essential elements to investors' confidence in the audit process, which if diminished or lost, renders the benefit of audits questionable.

FIS, a Fortune 500 Company traded on the NYSE, is one of the world's largest global providers dedicated to banking and payment technologies. Headquartered in Jacksonville, FL, FIS employs more than 30,000 people worldwide and holds leadership positions in payment processing and banking solutions, providing software, services and outsourcing of the technology that drives financial institutions. In support of the annual integrated audit of FIS, there are engagement teams in 6 countries (including the US), each team with a partner, concurring review partner, and one or more managers. As needs require in supporting the integrated audit, approximately 5 additional partners and numerous managers are involved in various specialist roles (IT, tax, etc.). We also have statutory audit requirements in another 14 countries. Conservatively, approximately 25-30 audit partners are involved with FIS on a global basis, and even more managers.

Our response is based upon our current experience in our respective roles with FIS, as well as our collective past experience. Messrs. Hayford and Woodall have previously held executive management positions with other registrants, and Mr. Woodall was employed for ten years in the audit and assurance practice of one of the Big 4.

In summary, we do not support the concept of mandatory audit firm rotation.

There are no conclusive findings to support the contention that current mechanisms to ensure auditor independence, objectivity and professional skepticism are not adequate.

It is not evident from the Concept Release that a pervasive issue with audit quality exists. The Board should quantify the percentage of engagements inspected for which errors or omissions have been present, stratify those errors and omissions based on materiality, and analyze them as to root cause before considering wholesale, costly changes.

We agree that the root causes of audit failures are complex. We note that the deficiencies cited by the Board from recent inspections "that may be attributable to a failure to exercise the required professional skepticism and objectivity" could rather be due to inadequate knowledge of or experience with GAAP,



GAAS, the company's industry, operations, systems, or financial reporting process, inadequate staffing, inappropriate risk assessment as a consequence of one or more of these factors, or reduced effort resulting from fee pressure.

We agree with the Board that SOX has enhanced auditor independence and the reliability of financial reporting. It's an extraordinary leap to conclude, as the Concept Release implies, that the global financial crisis might have been averted by a more fundamental shift in the auditor/client relationship, thus rekindling this debate.

We respectfully urge you to move forward with your plans to deepen your understanding of root causes of audit deficiencies in upcoming inspection seasons before considering additional changes.

We do not believe that mandatory audit firm rotation would enhance auditor independence, objectivity and professional skepticism; rather, it would increase the risk of audit failure.

We stand firmly among the ranks of those who see only perceived advantages and many valid detriments to mandatory rotation.

Among the advantages most commonly voiced:

- *Strengthening the auditor's ability to resist management pressure*

As others have voiced, we believe that there is far greater potential for independence compromises as a result of relationships between individuals involved on both sides of the audit (e.g., CFO and audit partner; controller and audit manager) rather than the relationship between the accounting firm and the client company. The potential for these lapses has been significantly diluted by required partner rotation and by enhanced audit committee involvement. Further, preliminary analysis of the Board's own inspections data "appears to show no correlation between auditor tenure and number of comments in PCAOB inspection reports."

We also see no merit in the assertion that an auditor will exercise greater professional care and increased independence out of concern about what an impending replacement might find. Our experience is that auditors take their professional responsibility - and liability - seriously, and perform their duties with due care, whether in their capacity as part of the primary engagement team or in performing 2nd or concurring partner reviews, national office consultation, or in the conduct of their internal quality reviews. While we concede there is inherent conflict in concluding previous positions taken by one's own firm are wrong, we believe that these reviews are valuable and there are serious professional consequences to those whose work is thereby found deficient.

- *Opportunity for a fresh viewpoint on the company's financial reporting*

The concurring and consultative reviews included in each firm's internal quality control procedures already provide a fresh look at a company's accounting and financial reporting. These reviews, coupled with partner rotation requirements and the PCAOB inspection process which is directed at high-risk engagements, should have rendered this perceived advantage to mandatory firm rotation as no longer relevant.

Disadvantages:

- *Considerable cost increase*

While 20% is the average initial-year audit-cost increase estimated by the larger firms, we believe it would be far greater for companies the size, complexity, and scope of FIS. No such financial burden should be imposed without significant, discernible benefit.

Coordinating audit efforts around the globe is no small task and requires effective communication, understanding and strong working relationships between the audit firm and company management as well as among the audit firm's affiliate offices. This requires considerable dedicated time and effort. Routine employee turnover on either side of the relationship often complicates these efforts; complete periodic rotation would be a significant burden.

Tasks necessitated by a rotation process as discussed below and required procedures to obtain consents from predecessor firms for securities filings would layer in additional fees with no value added to the quality of the audit.

- *Disruption*

Mandatory rotation would be fraught with disruption to both the auditors and company personnel. The investment in time for the periodic tendering process, to acclimate the new firm to the business and its processes, and for coordination between outgoing and incoming firms would all be saddled upon the paramount tasks of (for the company) ensuring that the financial statements are fairly stated and (for the auditor) performing an effective audit. This would be further complicated if a company chose to disengage from various non-audit services with a firm(s) around the globe to accommodate an audit firm rotation.

- *Learning-curve risk/ loss of institutional knowledge*

Professional skepticism is best employed by knowledgeable parties with command of the business risks, vulnerabilities and uncertainties facing a company. This clarity is gained from a thorough understanding of a company's history, development and market position, business model, strategies, processes and transactions, accounting methods and financial reporting processes, and management strengths and weaknesses. This "institutional knowledge" is essential to the auditor's ability to evaluate the judgments and estimates inherent in the financial statements and disclosures of issuers, to analyze complex accounting rules and interpretations to be applied to specific transaction fact patterns, and to effectively communicate their positions with management and the audit committee. Little institutional knowledge can be passed from one audit firm to the next. It builds over years of experience performing audit services for an issuer and the cumulative hours spent with their personnel and audit committee.

- *Loss of industry expertise*

Select audit firms have made conscious decisions to invest or not to invest in practices in specialized industries. Mandatory firm rotation would introduce a clear disincentive to specialization, to the ultimate detriment of investors. The complexity of business practices and financial transactions and the nuances of accounting practices are magnified in specialized industries, and amplified in many cases by regulatory oversight and requirements. Loss of industry expertise through a mandatory firm rotation process would result in severely diminished audit effectiveness.

- *Increased risk of audit failure*

As noted in the Concept Release, empirical studies show that fraud is more likely in the early years of an auditor-client relationship. There are a number of studies that support the view that engagements with short tenure are relatively riskier. Without the institutional knowledge of an issuer referenced above, an auditor is less likely to detect efforts by management to mislead, or to challenge unintentional erroneous judgments or conclusions.

- *Limitation in choice/ audit firm capacity*

We cannot imagine any viable way to implement periodic audit firm rotation for an entity like FIS across 20 countries. The larger and more complex the registrant, the more pronounced are the capacity issues of the individual firms in specific markets. There are very few firms qualified for consideration, and this number would be further limited by the complications of non-audit services being performed globally by other qualified audit firms. Such an environment would severely limit an audit committee's ability to effectively exercise its oversight mandate.

If a requirement of mandatory rotation were imposed, we believe that, in all but a handful of global metropolitan markets, the professional staff of the firms would change employment to the new incumbent firm to follow their significant clients. This would be the natural mechanism to contain cost and disruption; but would, of course, undermine the intent of the rotation requirement. Firm hopping could be abated by imposing limits on the number of years any individual, regardless of rank or firm affiliation, could serve a particular client. However, the end result of this would be one or more of the disadvantages noted above.

We also believe that an environment requiring mandatory rotation would foster deterioration in the quality of professionals pursuing public accounting careers. The potential for extended travel, required periodic moves, and/or limited investment in specialized industry skills would likely lead many to seek alternative career paths.

Other considerations or alternatives to mandatory rotation.

We have not, at FIS, considered implementing a policy of audit firm rotation. The audit committee continually assesses the professionalism, efficiency, and effectiveness of our independent accountants, including their independence, objectivity and professional skepticism. We build relationships with the audit partners and senior staff over their tenure, and appreciate the cumulative knowledge and experience they draw on from the firm's long-standing engagement. These long-term relationships allow for sensitive issues to be discussed openly and effectively.

We do not believe that joint audits or the requirement to solicit periodic bids should be considered. Both GAAP and GAAS require judgments in application, in processes, and in interpretations. Each firm has, as a component of its quality control, developed its own audit methodology by which its professional staff operates. As a result, a joint audit would not be feasible as each firm's methodology would produce different audit plans, calling for different procedures. Periodic solicitation would require substantial effort on the part of the participating audit firms, the audit committee and management, with no tangible benefit to investors.

We believe that the Board should continue to seek to address its concerns about independence, objectivity and professional skepticism through its current inspection program. We agree with others that there is merit in sharing the results of PCAOB inspections directly with audit committees and allowing for direct interaction between the audit committee and the PCAOB. This would give audit committees an



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added perspective on the quality of the audit they are receiving to inform their ongoing assessment of audit effectiveness.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Michael D. Hayford'. The signature is fluid and cursive, with a large initial 'M'.

Michael D. Hayford
Corporate EVP, Chief Financial Officer

A handwritten signature in black ink, appearing to read 'James W. Woodall'. The signature is fluid and cursive, with a large initial 'J'.

James W. Woodall
Senior Vice President, Chief Accounting Officer