December 6, 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: Concept Release on Auditor Independence and Audit Firm Rotation

Dear Chairman Doty:

We appreciate the opportunity to comment on PCAOB Rulemaking Docket Matter No. 37: Concept Release on Auditor Independence and Audit Firm Rotation. The PCAOB's efforts to improve audit quality are important and we share in the Board's objective to ensure investors have reliable financial information when making investment decisions. However, we strongly oppose a requirement for mandatory rotation of audit firms for the following reasons:

Quality of Audit
A high quality audit requires competent auditors to perform procedures that are appropriately designed to address the specific risks of a given company. In the design and performance of these procedures, auditors apply business judgment utilizing specific knowledge of the audited company. We believe that mandatory rotation would significantly disrupt the execution of quality audits because the knowledge that an audit firm acquires through several years of performing audits is critical in the design and improvement of audit procedures. It is not practical to expect an audit firm to gain a deep understanding of accounting policies, transaction flows and risk areas such as revenue recognition, information technology dependencies and complex tax structures in a short period of time at large multi-national companies. Therefore, we believe that mandatory audit firm rotation would result in increased audit quality risk in the initial years of an audit.

Cost of Audit
We believe that mandatory rotation of firms will add costs to companies beyond what exists today. Audit firms incur a large investment of hours when taking on a new engagement in order to gain the significant company-specific knowledge necessary to plan and perform an effective audit. Because audit firms would recover that investment through higher audit fees, the cost of doing business in the United States would increase. In addition to higher audit fees, companies would also incur higher internal costs as employees help with auditor transition issues on a recurring basis. This would not only include time spent on educating auditors on the basic operational and accounting issues for a given company, but also having to revisit significant accounting issues which were thoroughly addressed by the previous audit firm.
Company and Audit Firm Focus on Selection Process

Mandatory rotation of audit firms will result in added cycles of marketing by audit firms to companies selecting new auditors. We believe these activities detract from the collective system's (company and auditor) focus on the production and audit of high quality financial reporting for the investment community. We are concerned the time devoted by auditors to market their proposals would adversely impact audit quality as the firms perform due diligence and submit proposals for a large number of new engagements. Conversely, financial staff within companies will need to devote time to soliciting proposals and supporting required due diligence efforts in connection with the audit committee's selection of the new audit firm. These collective efforts would significantly disrupt the already-stretched rhythm of compiling, reviewing and auditing financial statements and preparing filings with the SEC.

Rotation of Key Staff between Firms

Another outcome of the proposed rotation policy could be that key staff may rotate between firms, i.e., following the client work to the new audit firm. While this could potentially limit the disruption described above, this outcome would cause other disruptions within the system and reduce the intended benefit of enhancing independent audits of public company filings.

Impact on the Audit Profession

Mandatory audit firm rotation could result in higher turnover of audit staff and diminish the attractiveness of the auditing profession as a long-term career choice, negatively impacting the quality of individuals available to be hired by audit firms. Auditors, along with their families, would have continual uncertainty regarding their future career path while being subjected to the prospect of multiple geographic relocations or more extensive travel as firms seek to assign appropriately qualified and experienced personnel to new engagements. Firms may also be discouraged from investing in the human and other resources necessary to specialize in particular industries where a long term client commitment is required to make economic sense of the investment, to the detriment of audit quality and also to the career development of highly specialized audit personnel. This is particularly true in industries dominated by a small number of large, highly complex companies with unique accounting issues such as energy companies, public utilities and investment banks.

Independent Audit Committee

We commend the efforts undertaken by the SEC, PCAOB, stock exchanges and others over the past decade to improve auditor independence and the quality of financial reporting, including requiring executive certification of financial statements, strengthening the role of independent audit committees, mandatory audit partner rotation and PCAOB inspections. As part of the changes made, independent audit committees, comprised of financial experts and financially literate directors, have been given the oversight responsibility for engaging and compensating the outside auditors. An effective audit committee continually evaluates:

- the professional qualifications of the personnel their audit firm is assigning to the audit;
the firm's audit approach and design;
the auditor's views on management;
the accounting positions taken by a company; and
the nature of the tax and non-audit services the auditors are providing.

This is necessary whether the audit firm is in the first year of an engagement or has served a company for many years. Working with a new firm on a mandatorily established rotation basis will not improve the ability of the audit committee to adequately perform its duties.

We are at a loss to understand why the PCAOB would in effect undermine the role of the audit committee by regulating the critical auditor retention or change decision, without allowing an audit committee to consider whether this would have a beneficial or negative impact on the reliability of financial reporting. We are concerned that this and certain other PCAOB proposals will have the unintended effect of overriding the judgment of the strong, independent audit committees they helped to put in place.

In addition to the role of the audit committee, there are many measures currently in place to enhance audit quality. Among them are the PCAOB reviews, mandatory rotation of audit partners and each firm's internal inspection practices. We believe all of those items are more appropriate and cost effective ways to continue to enhance the quality of audits than a mandatory rotation requirement.

Thank you for your consideration.

James E. Copeland, Jr.
Chairman
Equifax Inc. Audit Committee

Lee Adrean
Chief Financial Officer
Equifax Inc.