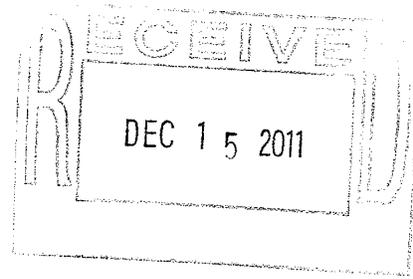




December 14, 2011

Mr. J. Gordon Seymour
Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803



**PCAOB Rulemaking Docket Matter No. 37
Concept Release on Auditor Independence and Audit Firm Rotation**

Dear Mr. Seymour:

On behalf of Tenet Healthcare Corporation (NYSE: THC), I am pleased to respond to the request for comment to the Public Company Accounting Oversight Board (the "PCAOB") related to its Rulemaking Docket Matter No. 37 dated August 16, 2011 (the "Concept Release"). We appreciate the PCAOB's decision to seek input from stakeholders on the Concept Release, and we share the PCAOB's interest in improving auditor independence, objectivity and professional skepticism. We agree that mandatory audit firm rotation is an important issue again worthy of vigorous debate.

As outlined in the Concept Release, the benefits and concerns associated with mandatory audit firm rotation ("mandatory rotation") have been debated various times since the 1970s. The benefits and concerns of mandatory rotation are generally well known and both viewpoints are quite persuasive. In the past, many distinguished representatives of various constituencies with an interest in this debate, including the accounting and auditing professions, institutional investors, corporate governance experts, academia, current and former regulators and senior corporate leaders, have outlined the benefits and concerns of mandatory rotation in great detail, so we will not attempt to enumerate them all here; however, we would ask the PCAOB to take the following considerations into account as mandatory rotation is debated in the coming months ahead.

1. We believe the creation of the PCAOB by Congress to provide external and independent oversight of registered public accounting firms that audit public companies has been beneficial in advancing the cause to restore trust in the audited financial statements of public companies. Essentially, most parties view the PCAOB as the "independent auditor of the independent auditors" and expect the PCAOB's inspection process to be robust enough and that the PCAOB will faithfully discharge its duties to monitor audit firms. However, mandatory rotation could be viewed by certain parties as an indictment of the PCAOB's ability to properly monitor the audit firms, which could draw into question the need for the PCAOB in the future. Since there are essentially only four large international audit firms that remain for PCAOB to monitor, a skeptic of the PCAOB could raise questions as to the need for mandatory rotation? We support the continued existence of PCAOB's independent oversight of the auditing firms and do not want mandatory rotation to create adverse perceptions or unintended consequences that weaken the PCAOB's oversight role.

2. We are not aware of conclusive findings or evidence that audit failures have occurred or are more likely to occur due to the lack of mandatory rotation. Rather, it appears that most audit failures occur due to intentional or unintentional negligence by auditors and management, and/or lack of compliance with or interpretation of existing laws, rules and regulations by auditors and management. Mandatory rotation may not eliminate human negligence and lack of compliance issues that typically contribute to audit failures. The individuals at the successor firm chosen to conduct an audit under a mandatory rotation system will likely be vulnerable to the same set of human frailties.
3. If mandatory rotation is ultimately enacted and the maximum time period a firm could audit a public company is too short, we believe the incentive for firms to fully invest in client service and quality may be diminished. For example, if mandatory rotation is required every five years, this may not be a sufficient time period for an audit firm to recover its investment in that client unless the firm significantly increases its audit fees. Moreover, mandatory rotation may result in the commoditization of the auditing profession as the firms will be turning over quite frequently with little incentive to fully invest in a client, absent exorbitant audit fees. In addition, as many parties have mentioned in the past when mandatory rotation was debated, there is a risk that audit quality may suffer, especially in the first several years after a new firm is engaged. If it is ultimately decided that mandatory rotation will be a requirement, we strongly recommend that the rotation period be no shorter than 10 years. We believe a rotation period of at least 10 years will help mitigate the risks of an insufficient investment of resources by audit firms and potentially diminished audit quality.
4. Although certain parties have challenged its veracity, we believe the current requirement to rotate lead audit partners every five years and the natural employee turnover inherent in the public accounting profession at all levels results in a model that is substantially equivalent to mandatory rotation. We acknowledge the viewpoint of some parties who indicate that the same firm is less likely to change a previous accounting position taken than a new firm would be. However, we are not aware of conclusive findings or evidence that suggests a successor partner from the same firm was coerced by the National Office of that firm or other partners in that firm to suppress his or her professional judgment and accept the conclusion of the previous lead partner that the new lead partner believed was inappropriate. As a result, we believe the current rotation requirement captures substantially all of the benefits of mandatory rotation, including the important attribute of a “fresh set of skeptical eyes,” in a more cost effective manner.
5. Based on our understanding of the nature of the PCAOB’s inspection findings to date related to the four large firms, it does not appear that the findings emanate from the lack of a mandatory rotation requirement. We proffer that robust rules and regulations are already “on the books” and that the inspection findings have been attributable to the lack of proper execution by individuals and proper oversight by their respective firm. We question whether improper execution/compliance by individuals of a different firm will be substantially reduced as a result of mandatory rotation. Rather, we believe continued robust inspections by the PCAOB and holding individuals and their firms fully accountable for their improper actions will be a greater deterrent than mandatory rotation.

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6. Another possible unintended consequence of mandatory rotation is that the required rotation of firms could result in a substantial financial benefit to the four large firms' long-term business prospects. With mandatory rotation and essentially only four firms to choose from, there is a strong likelihood that companies will select the firms in sequential order, which will essentially mean they will have the client back at some point after they audit other companies who are forced to rotate firms. Practically speaking, there will only be four options to choose from and a company will likely select in order - firm #1, firm #2, firm #3, then firm #4, and probably start over again in the same order. We don't believe the intent of mandatory rotation is to provide a steady stream of clients and income to four large private firms, but this is clearly a possible unintended consequence.

Although we certainly would not support their viewpoint, simply rotating firms in a fixed order could be an impetus for fringe elements to suggest the auditing business should be nationalized as the four firms might be viewed as handpicked surrogates of the PCAOB. This viewpoint, again which we would not support, would give ammunition to parties to suggest the auditing profession would be essentially nationalized as the private sector would not have free choice to select its firm, and the four firms would be tantamount to other government audit agencies, such as the Internal Revenue Service.

Conclusion

In summation, although there are numerous benefits of mandatory rotation, we believe the costs and potential unintended consequences of mandatory rotation outweigh the potential benefits. As a result, we are a strong opponent of mandatory rotation. However, we recognize the virtues of the arguments of both proponents and opponents of mandatory rotation and believe it is a worthy cause to embark on a rigorous study of this paramount issue.

Thank you for providing us an avenue to share our comments with you on this important topic. We would be pleased to further discuss our views with you. I can be reached at (469) 893-2246.

Sincerely,



Daniel J. Cancelmi
Senior Vice President and Controller
Tenet Healthcare Corporation