

September 18, 2015

Mr. Brent Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Subject: File No. S7-13-15

Dear Mr. Fields:

We appreciate the opportunity to comment on the Securities and Exchange Commission's (the "Commission") July 1, 2015 Concept Release on *Possible Revisions to Audit Committee Disclosures* (the "Concept Release"). Northrop Grumman is a leading global security company with annual sales of \$24 billion and approximately 65,000 employees. We provide products, systems and solutions in unmanned systems; cyber; command, control, communications and computers, intelligence, surveillance, and reconnaissance; strike aircraft; and logistics and modernization to government and commercial customers worldwide.

We recognize the significant role and responsibilities of audit committees related to oversight of the independent auditor, and we support the Commission's efforts to seek public comment on the sufficiency of current disclosure requirements. Although we have only had limited inquiries from our investors about this topic, we believe certain financial statement users could benefit from additional insight into processes followed by audit committees as they oversee the independent auditor, depending on the circumstances. We encourage the Commission to consider any additional disclosure requirements in the context of your ongoing efforts surrounding disclosure effectiveness by providing audit committees adequate flexibility to communicate those areas of oversight they believe are most meaningful to financial statement users. It is with that frame of reference that we submit the following specific comments on the Concept Release:

Audit Committee's Oversight of the Auditor

- *Communications between Audit Committee and the Auditor* – The Concept Release proposes expanding disclosure to include certain matters audit committees have discussed with the auditors, including audit strategy, timing, significant risks, use of specialists and other firms, and results of the audit, and how the audit committee considered these items in the oversight of the independent auditor. We are concerned about adding this disclosure because the information presented could either (1) be general or boilerplate in nature to protect sensitive information discussed between audit committees and independent auditors or (2) limit communications between audit committees and independent auditors out of concern that sensitive information discussed would require disclosure.
- *Frequency and nature (e.g. private) of meetings with the auditor* – We support this recommendation as the frequency and nature of meetings with the independent auditor is one way to demonstrate audit committee oversight and involvement in the audit process. We recommend the Commission clarify that this disclosure would be limited to formal meetings with the full audit committee or recurring meetings with the audit committee chairperson as opposed to each contact an independent auditor may have with the audit committee or one of its members.
- *Auditor's internal quality review and PCAOB Report* – We support this proposal as the audit committee's awareness and understanding of matters identified during PCAOB or internal reviews of an audit firm may be helpful for users to understand when assessing audit committee performance. We recommend this disclosure be focused on the process followed by the audit committee to review such information, rather than specific findings in the independent auditors' reports.
- *Whether and how the audit committee assesses, promotes, and reinforces the auditor's objectivity and professional skepticism* – We are concerned about this recommendation as we believe other similar disclosures, including the nature of meetings with the auditor and processes followed in selecting and retaining an auditor, are sufficient and more appropriate to convey the audit committee's responsibilities for assessing and reinforcing auditor objectivity and professional skepticism.

Audit Committee's Process for Appointing or Retaining the Auditor

- *Assessment of independence, objectivity, and audit quality when selecting and retaining the auditor* – We support this recommendation as it may help to demonstrate an element of the due diligence undertaken by audit committees when selecting and retaining an independent auditor. We recommend the Commission focus this disclosure on the process undertaken by the audit committee, rather than the specific elements or criteria reviewed or considered through the process.
- *Process to seek proposals and factors considered in selecting the auditor* – We support the disclosure of certain information in circumstances where an audit committee has made a change in the independent auditor so that users have some insight into the process undertaken to select a new audit firm. We do not believe this disclosure should be required if the independent auditor is unchanged in a given year.
- *Policy for annual shareholder vote on the selection of the auditor and Audit Committee consideration of voting results in evaluation and retention of the audit firm* – We support this proposal as disclosure regarding how an audit committee considers input from shareholders on the selection of the auditor, including consideration of shareholder voting results, may be meaningful to financial statement users in evaluating audit committee performance.

Qualifications of the Audit Firm and Certain Members of the Engagement Team

- *Disclosure of certain individuals on the engagement team* – We are concerned about the disclosure of engagement team names, tenure, or experience as we do not believe there is a necessary correlation between those factors and overall audit quality. Additionally, we believe the opinion from the independent audit firm stands on its own and provides sufficient evidence regarding the quality of the financial statements.
- *Audit committee involvement in selecting the lead partner* – We support this proposal as disclosure regarding the process of how the audit committee engages in the selection of a lead partner may be useful for users in evaluating audit committee oversight of the auditor.

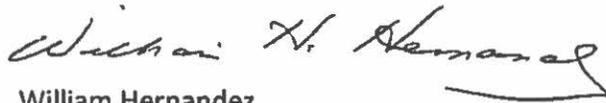
- *Others involved in the audit* – We are concerned about this proposal because it could lead to increased audit cost if independent auditors believe they must increase the use of outside experts for reasons other than enhanced audit quality.

Location of Audit Committee Disclosures in Commission Filings

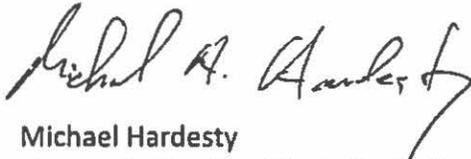
- We believe investors could benefit from audit committee disclosures generally being presented in one place in company filings. We recommend such disclosure be presented in the company's annual proxy statement where a number of other disclosures regarding the audit committee currently reside.

Please contact us if you have any questions or if you would like to discuss these comments.

Respectfully,



William Hernandez
Chairman, Audit Committee



Michael Hardesty
Corporate Vice President, Controller and Chief Accounting Officer