

April 21, 2006

Public Company Accounting Oversight Board
Attention: Office of the Secretary
1666 K Street NW
Washington, DC 20006-2803

Re: Internal Control Roundtable

Dear Sir or Madam:

I am the Director, Audit for Kendle International Inc. ("Kendle"), a global pharmaceutical services company and accelerated filer. I am writing to communicate the comments set forth below, based on our experiences with Sarbanes Oxley Section 404 compliance. Kendle is a calendar year filer and recently completed its 404 compliance efforts for 2005, the second year for which we were required to do so.

Our comments are as follows:

- PCAOB Auditing Standard No. 2 is too rigid and allows neither Management nor the external auditors to exercise sufficient professional judgment in determining the scope of Section 404 compliance and the nature and timing of auditing procedures;
- This rigidity imposes an undue cost burden on smaller registrants with multiple locations; this burden is further exacerbated when such multiple locations are in multiple countries;
- PCAOB Auditing Standard No. 2 does not sufficiently allow Management or the external auditors to consider the relative risks of specific applications and locations in determining the nature, scope and timing of auditing procedures to be performed.

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- Kendle believes that a risk based, rotational approach to determining the nature, scope and timing of auditing procedures to be performed would enable registrants to achieve the objectives of Sarbanes Oxley in a more cost effective, efficient manner.
- Some possible concepts to consider:
 - Allow registrants to adopt a rotational approach to 404 compliance testing. Overall parameters such as minimum coverage of key financial statement captions and requirements that key locations are included at no more than an established maximum interval would ensure that the objectives of 404 would continue to be met;
 - Allow registrants to consider risk factors associated with their locations in determining where to allocate resources and how to rotate compliance efforts among multiple locations. Possible risk factors to consider: (1) the results of prior Section 404 work at a particular location; (2) the location's history of audit adjustments; (3) the location's history of restatements, error corrections or accounting and auditing issues; (4) the competency and quality of a location's accounting staff and management; (5) the complexity of accounting issues confronting the accounting staff at a particular location; (6) the results of prior internal audit reviews; (7) changes in business conditions, such as losses of customers, new contracts, expansion plans, etc.

I believe due consideration of the above would enable registrants to tailor their compliance efforts to their respective risk profiles, while enabling the overall goals and objectives of Section 404 to continue to be met. I appreciate your attention to this matter.

Sincerely,

Hiller Hardie
Director, Audit