From: Chris Kolenda [mailto:Chris.Kolenda@finadvisors.com]
Sent: Tuesday, August 16, 2011 11:21 PM
To: Comments
Subject: Rulemaking Docket Matter No. 37

Dear PCAOB:

I am an attorney and CPA, and have had experience at Arthur Andersen & Co. as an auditor and have worked in industry.

Required rotation of auditors is ABSOLUTELY NECESSARY to maintain auditor objectivity. Required rotation provides for many advantages to ensure a critical eye:

1. The current auditor knows he will be replaced, and therefore there is less incentive for the current auditor to be dependent on his audit client.

2. The current auditor knows that his work will be reviewed by the subsequent auditor and will therefore be more careful in justifying any questionable position. Having to be more careful in justifying a position will likely improve the "critical eye" on the client's business.

3. Different audit methodologies and audit firm cultures could likely uncover client weakness more readily than the continual audit by the same firm. A fresh set of eyes can oftentimes see things that the older set does not see.

The United States has tried to improve audit effectiveness through rule making. Highly technical rules have the impact of reducing audit effectiveness: "I complied with the technical rules, so it must be OK." I believe the British require their auditors to override their technical rules, when such action is required to present a fair financial statement. Highly technical rules do not address the human element in an effective audit. In general, independence is compromised by the client paying the audit fee. Allowing current auditors to maintain a long term relationship with their client exacerbates this inherent relationship weakness. Auditors are not business advisors. There is no need for them to have a long term relationship with their clients. In fact, such long term relationships severely weakens audit effectiveness.

After Enron, the big accounting firms fought hard against rotation, and instead got Congress to pass Sarbanes-Oxley. So, instead of a simple rule that would improve audit effectiveness (which the Big Four hated), a pile of highly technical, expensive audit rules were foisted on industry, thereby increasing fees to the Big Four accounting firms.

My recommendation for a rotation rule would be:

1. No one audit firm can audit a company for more than 3 years continuously.

2. A company must have had at least 3 different audit firms within the last ten years.

Thank you so much for considering an audit rotation rule. I hope you can prevail over the AICPA's lobbyists.

- Chris Kolenda JD CPA
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