

December 8, 2011

**VIA E-MAIL (comments@pcaobus.org)**

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, D.C. 20006-2803

Re: PCAOB Release No. 2011-006; PCAOB Rulemaking Docket Matter No. 37 – Concept  
Release on Auditor Independence and Audit Firm Rotation

Ladies and Gentlemen:

On behalf of the Oak View National Bank, I am writing to comment on the PCAOB's Concept Release on Auditor Independence and Audit Firm Rotation (the "Concept Release"). Oak View is opposed to a mandatory audit firm rotation rule because it will reduce, not increase, the effectiveness of audits, while increasing related costs and administrative burdens.

Mandatory auditor rotation is designed to increase auditor independence. However, there already exist substantial regulations that ensure auditor independence, such as mandatory audit partner rotation, requiring auditor selection and supervision by audit committees consisting of independent directors, and limitations on the non-audit fees audit firms receive from the companies they audit. Many of these requirements were adopted in response to the dramatic audit failures involving Enron, WorldCom and others that contributed to an economic recession. In contrast, the most recent economic downturn has not been attributed to significant audit failures, suggesting that existing regulations are providing adequate independence and that additional regulation will not dramatically improve auditor independence or audit quality.

The quality of an audit depends as much or more on the auditor's knowledge of the banking industry as it does on the auditor's independence. Practical experience and formal studies have shown that audit quality suffers in the first few years of an audit engagement because the new auditor is not familiar with our bank. In addition, bank audits require highly specialized knowledge of a complex array of accounting principles, laws and regulations that are specific to the banking industry, which limits the number of qualified audit firms. Many community banks, such as ours, reside in rural communities often further limiting the number of qualified bank auditors. Forcing banks to frequently engage new auditors from a limited field of qualified auditors will dramatically undermine audit quality in the banking industry.

Unfortunately, this decline in audit quality will be accompanied by an increase in audit related costs and administrative burdens. Banks will be forced to spend more time and money evaluating and selecting new audit firms. Banks will incur additional audit fees, as they educate new auditors about the bank and the banking industry.

Furthermore, the focus of the Concept Release is misdirected. Attention should be directed at auditors who do not fulfill their professional obligations. Mandatory rotations would punish banks by slowing down, and increasing the cost of, the audit process. Banks and their investors should not be punished for an auditor's failure to maintain independence and professional skepticism. Similarly, a bank should not be forced to change audit firms if it is receiving high quality audit services. There are better ways to promote independence while retaining efficiency. For instance, the bank's audit committee of independent directors should retain the discretion to determine how often to reassess the bank's auditors and solicit proposals from other audit firms and ultimately whether or not to retain the incumbent firm if that is the most effective and efficient solution. Such a process would encourage competition and allow a bank to optimize quality while keeping down costs.

For the above reasons, our institution is opposed to mandatory audit firm rotation. The resulting costs and decrease in efficiency and quality will hurt investors more than it protects them. In addition, existing regulations sufficiently promote auditor independence and high quality audits. Thank you for your attention to these matters and for considering our views.

Sincerely,

A handwritten signature in blue ink that reads "Michael A. Ewing". The signature is written in a cursive style with a long, sweeping underline.

Michael A. Ewing  
President and CEO