From:	Adam Nowicki
To:	Comments; Li Brooks
Subject:	Comment Letter
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December 11, 2011

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

Re: Request for Public Comment: Concept Release on auditor Independence and audit firm rotation, PCAOB Rulemaking Docket No. 037

The mandatory audit firm rotation proposed by the PCAOB will have a major effect on the accounting industry and public companies if enacted. Instead of companies keeping the same auditor for as long as they like, they could be required to switch auditors every five years. After weighing the pros and cons of this proposal, audit rotation is ultimately not a good idea for a few reasons.

The first reason audit firm rotation is not a good idea is that changing auditors can be disruptive to a public company. The new audit firm will need to get up to speed quickly on the company's controls and operations to issue an opinion on the financial statements. This will take the new auditors more time and therefore cost public companies more money for the audit. Also, there will be a steep learning curve for the first two years of new audits for staff members. There is evidence that "maintaining the same auditor for an extended period of time may actually improve the quality of subsequent audits" because the audit firm and staff know their client's business and are already aware of the key risk areas and industry challenges they may face (Selling 2011).

The second reason audit firm rotation is not a good idea is that partner rotation is already in effect. Proponents of audit firm rotation argue that audits needs a fresh set of eyes to find possible fraud. Audit partner rotation is already a new set of eyes on the engagement which includes a "five-year time-out period before a partner may return to a particular audit engagement" (Dorsey 2003). Also, engagements have another partner that checks the work of the lead partner. We do not need to burden public companies with extra costs when viable checks and balances are already in place.

Lastly, short term audit relationships may not be very beneficial during an audit. "The nature of auditing requires that auditors interact extensively with their clients" (Arel 2005). Long term relationships help foster communication between a public company and its auditors. This is critical when auditors need management to disclose important company information to them. Without a strong relationship there, information transfer will be less likely to occur if no trust has been built.

In closing, mandatory audit firm rotation is not a good idea. New audits will be more costly and lower in quality. This will be unnecessarily disruptive to public companies and be a higher cost of doing business. The checks and balances in place for accounting firms are already sufficient to provide accurate financial statements while audit firm rotation is merely unproven.

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