13 December 2011

J. Gordon Seymour

Secretary

Public Company Accounting Oversight Board

1666 K Street, NW

Washington, DC 20006-2803

Re: Rulemaking Docket Matter No. 37 - Mandatory Rotation of Auditors

Dear Mr. Seymour:

I write this in opposition to the concept of mandatory rotation of auditors for companies whose auditors are subject to PCAOB oversight. My background is as a practicing auditor with Coopers & Lybrand, then PricewaterhouseCoopers LLP for 33 years, now retired, and serving as an audit committee chair for two NYSE listed companies. In addition I am teaching auditing as adjunct faculty at the University of California, San Diego. Nor the University nor the companies for whom I serve as a director have reviewed or had any input to these comments – they are my personal thoughts.

Having been in public practice, and now interacting directly with the partners and managers of independent auditors as their client, I am very mindful of audit risk and the concept of "fresh thinking or perspective." The objective of auditing and reporting standards is to minimize the risk of material misstatements, however I feel that mandatory rotation of auditors will significantly increase that risk. Given the complexity and geographic breadth of the largest public companies, the process of such rotation will create such turmoil to the audit teams and individuals that make up those teams to make any benefits minimal. I believe that during a several year transition period after a new auditor is engaged, the new team members and their support personnel will be operating in an environment of great difficulty. The level of complexity dealing with revenue recognition, income tax accounting, fair value estimation, contingencies, and the like throughout a worldwide organization will strain the largest CPA firms beyond their ability to reasonably maintain a quality audit effort.

The auditor transitions I have experienced involve considerable additional time in the first year or two – multiplying this by the number of large public companies likely to be involved in such a rule will perhaps exceed the resources that these firms can efficiently provide given their personnel resources.

While the overall audit costs will increase significantly, this is not the issue that leads to my opposition – it is strictly the increase in probability of these new auditors missing a major issue that will lead to a reporting error of material nature. I believe the overall result of such a requirement will be a decrease in audit quality rather than an increase in audit quality.

Very Truly Yours,

Bruce G. Blakley, CPA

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