

To: The Public Company Accounting Oversight Board

From: Samantha Calub

Date: 12/1/2011

Subject: PCAOB Rulemaking Docket Matter No. 37

The issue is whether to extend mandatory audit firm rotation to every ten years. There are pros and cons to each position like every argument. The question is which side's advantages outweigh the disadvantages, which depends on the weights each individual applies to the pros and cons.

The Sarbanes-Oxley Act of 2002 changed the audit firm rotation requirement from every seven years to five years for publicly held companies, which was a controversial issue even then. Many were against the mandatory rotation because the opponents felt that costs of implementing the rotation were greater than the benefits. Furthermore, the opponents argued the rotation would be disruptive and claimed the quality of the audit would be decreased.

I believe audit firm rotation is necessary to improve the reliability of the audit. Every rotation the firm is receiving a "fresh set of eyes", which can be beneficial to the firm to have a new perspective because no two auditors audit exactly the same way. Also, a mandatory rotation helps control any management pressure the auditor may be receiving.

I feel that extending the mandatory rotation to ten years has many advantages and should be implemented. By extending the rotation, there is a possibility of gaining more support from those who originally were against the idea of mandatory rotation. In addition, the auditor is known to take the initial years to become familiar with the firm. Under current conditions, soon after the auditor has required sufficient knowledge of

the firm the auditor is forced to rotate. However, if the auditor is having to rotate less frequently, the opportunity is given to the auditor for more time to be able to practice the expertise that the individual has mastered. The result of an extended rotation period is the firm is stilling receiving the benefits and safeguards of rotating the auditors and being able to have a more efficient audit from the auditor since the auditors have the proper time for adjustment.

Some opponents of the extension argue that the extension allows more opportunity for the auditor to receive pressure from the management and the extension will increase audit risks. I feel that through proper inspections and the code of ethics required by an auditor the worry of the effect of management's pressure should be decreased. Overall, I feel that extending the rotation period of the audit will ultimately increase the quality of the audit, which is the most important issue because the audit will be more reliable for the investors.