

December 12, 2011

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

PCAOB Release No. 2011-006; Rulemaking Docket Matter No. 37

Dear Sir/Madam:

On behalf of Citi Trends, Inc., I am pleased to respond to the request for comments from the Public Company Accounting Oversight Board (the "PCAOB") on its Concept Release on Auditor Independence and Audit Firm Rotation, PCAOB Release No. 2011-006; PCAOB Rulemaking Docket Matter No. 37 dated August 16, 2011 (the "Release").

While we support the PCAOB's initiative to improve auditor independence, objectivity and professional skepticism, we do not believe that mandatory audit firm rotation is the right solution for correcting any real or perceived weaknesses in auditor independence. We believe that mandatory rotation would have several adverse consequences, including negative effects on audit quality. To our knowledge, there have been no studies indicating that mandatory rotation would reduce the number of accounting deficiencies identified by the PCAOB during inspections. The PCAOB acknowledges in the Release that audit failures result from a number of root causes, other than auditor independence weaknesses, that "are complex and vary in nature and continue to be explored by the Board." The Release also notes that professional skepticism is a state of mind and "its absence may be particularly difficult to detect." We do not believe it is appropriate to implement such a costly regulation to remedy a problem that cannot be measured with any degree of certainty.

Audit effectiveness depends upon the audit firm's accumulated knowledge of, and long-term experience with, a company's industry, operations and historical financial statements. This foundational, accumulated knowledge is essential to the proper and timely completion of an audit and would be significantly undermined by implementing mandatory rotation. Without an effective knowledge base, audit problems occur more frequently. In the early years of an engagement, an audit firm will naturally know less about the company and its management and be in a weaker position in making judgments about reporting issues. Mandatory rotation will impose this situation on reporting companies on a recurring basis.

Mandatory rotation could also discourage audit firms from making investments in its client services that enhance quality. If engagements are for a fixed, short duration, audit firms will focus more on new client development than improving the quality of its current engagements as the rewards will be lost in the next rotation.

Mandatory rotation of audit firms increases audit costs and creates significant practical problems as well. The onboarding process that must take place with each rotation involves a significant amount of management's time getting the new audit team up to speed and adds substantial (unnecessary) cost. Additionally, there would be a burden in maintaining independence for large multi-national companies

December 12, 2011

Page 2

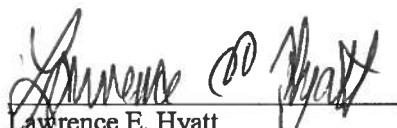
with multiple rotating firms that have audit and non-audit service needs. Among other issues, this is likely to limit the pool of possible audit firms and restrict the freedom of choice and ability of audit committees charged with the responsibility to determine which audit firm best meets the company's needs.

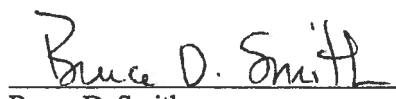
We also believe that mandatory auditor rotation is unnecessary because there are already sufficient alternatives in place to ensure auditor independence, objectivity and professional skepticism. Our Audit Committee, composed of financially-astute, independent directors, is charged with overseeing the work of our auditors, including appointing auditors and assuring independence. The Audit Committee's qualified evaluation of our auditors helps ensure high-quality audits. Furthermore, mandatory partner rotation at the audit firm and employee turnover at the audit firm and at the client company already strikes an appropriate balance between (i) the need for checks and balances and a periodic fresh look and (ii) the benefits of accumulated institutional knowledge that would be lost in the event of a changeover of all personnel involved in the audit process. Peer reviews and PCAOB inspections further safeguard auditor independence.

In light of the foregoing, we do not support implementation of mandatory audit firm rotation.

Thank you for your consideration.

Sincerely,


Lawrence E. Hyatt
Chairman Audit Committee


Bruce D. Smith
Chief Financial Officer