

December 10, 2011

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 37

We support the PCAOB's objective of ensuring auditor independence and objectivity. However, we believe that mandatory rotation of audit firm wouldn't result in significant improvement in these concerning areas and would result in high cost and risk.

Auditor independence plays a central role which comes to protecting the interests of various public companies' stakeholders. The auditor ensures its independence by following audit standards, objectivity, and professional skepticism.

We believe that the key component to attain audit independence is through knowledge and experience of the audit engagement. Obtaining an in-depth understanding of a company is crucial to an effective and independent audit. During the initial years of auditing a client, an audit firm's undetected error is unavoidable. In our opinion, the current requirement to rotate the partner every five years within the same audit firm provides sufficient need to complete a high quality audit while maintaining the stability, expertise, and accurate knowledge at the same time. By rotating of audit firm, companies will need to invest substantial time and money in selecting and educating new auditors. Audit firms need to spend time, effort, and money knowing their new clients as well.

We also believe that there are only few numbers of audit firms that are large enough or with in-depth industry expertise to audit large companies or those in specialized industry. Mandatory rotation could limit the availability of qualified firms, placing the audit committee and the company stakeholders in an unacceptable position. A lack of specialized industry knowledge increases the risk that causes the audit quality to decline. From the board audit committee's perspective, the risks involved in the automatic rotation of an audit firm far outweigh the perceived benefit.

Finally, we believe that it is important for the Audit Committee to continue having the autonomy to choose the right auditor, based on the audit firm's experience and industry knowledge, instead of being forced to choose an auditor due to a mandated requirement. We recommend that prior to any steps taken to impair or supersede board audit committees' responsibilities to select and appoint audit firms. The PCAOB should conduct a thorough risk analysis based on versus perceived issues along with a cost/benefit study as well.

Zhongqun Lei & Xiaochang Yang

Accounting Department of Louisiana State University