
From: David Roland [mailto:David.Roland@iongeo.com]
Sent: Friday, September 02, 2011 11:07 AM
To: Comments
Subject: PCAOB Rulemaking Docket Matter No. 37

Dear Sir or Madam,

I am writing in response to the PCAOB's proposal for mandatory rotation of audit firms by public companies.

I wholeheartedly agree with the objective of auditor independence. In fact, I have yet to meet a public company executive, Audit Committee member or member of an audit team who takes issue with that objective. I also agree with the numerous regulations and standards that are currently in effect to ensure auditor independence. If those regulations and standards are complied with, then we can be assured that auditors will be independent and there would be no reason to require mandatory rotation. In my experience, Audit Committees and audit firms take very seriously the current independence regulations and standards and many companies and firms implement measures that go well beyond current requirements. So I agree with the earlier commentator who described this latest proposal as an unnecessary solution for a nonexistent problem.

I also believe that a good and effective auditor is an informed and knowledgeable auditor. Business models can be complex and the proper application of the myriad of accounting rules and interpretations to a business takes time and experience. There is simply no way to instantly replace the institutional knowledge that is acquired over time and through experience. The transition period between audit firms will likely result in audit decisions and positions based on less than full appreciation of the company's business, which would certainly not be in the best interest of the company or the company's investors.

The additional time and money that will be required to bring a new audit firm up to speed is material and undeniable. Particularly in the current challenging business environment, I am certain that investors would have absolutely no interest in their companies incurring material amounts of additional expense for this purpose.

I also want to point out one additional issue that I have not seen mentioned by previous commentators. The proper application of accounting rules, regulations and interpretations to a business is often a mixture of fact and science, frequently requiring numerous professional judgments to be made. Anyone who has worked in or with a reputable audit firm knows that those judgments are not made lightly or on a whim. It is undeniable that a person who has spent thousands of hours becoming knowledgeable about a business and the application of accounting principles to the business will be in a better position to make a correct and informed judgment. I have experienced the transition to a new audit firm, have seen the exorbitant amount of time and money required to bring the new firm up to speed, and have also witnessed the chaos that can result when a new audit firm, not yet fully informed and knowledgeable about the company's business, takes issue with judgments made by the previous firm. None of that serves any interest of the company's investors.

For the above reasons, I am against the proposed rule requiring mandatory rotation of audit firms.

Thank you,
David Roland

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