



September 29, 2015

Ms. Phoebe W. Brown
Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, D.C. 20006-2803

RE: Docket Matter No. 041 – Concept Release on Audit Quality Indicators

Dear PCAOB:

We are submitting the following comments for the PCAOB's consideration in response to a request for comments on the *Concept Release on Audit Quality Indicators* (PCAOB Release No. 2015-005). These comments represent my perspective as an institutional investor for a large public pension plan representing more than 500,000 current and retired members and over \$44 billion in assets.

As an investor, I recognize the critical role audits play in ensuring accurately reported financial statements. Audits are very important and yet we have limited ability to assess the effectiveness of the audits being conducted on behalf of investors.

I support the PCAOB's efforts to include the disclosure of Audit Quality Indicators (AQIs). I believe AQIs will be an important step forward, not only in improving communication between investors, management, board of directors, and auditors, but also in improving overall audit quality.

From my perspective, there is limited transparency into the audit process, and the implementation of AQIs will enhance the ability to analyze audit quality. AQIs will allow investors to raise questions with management about the audit and our auditors, which I believe will increase management's focus on ensuring a quality audit process. A greater focus on audit quality by management should lead to a greater focus on quality by the auditors they engage. This could enhance the audit industry to be increasingly competitive on audit quality.

In regards to the implementation of AQIs, I support an interim voluntary period for AQI reporting, to allow for the AQI process to be streamlined and adapted for real world application. I also believe that an interim voluntary period would provide investors a strong corporate governance signal based on companies that choose to be early adopters of AQIs. The full results of AQIs would probably be too lengthy for inclusion in an annual report. However, a summary and a reference to the easily accessible AQI results in the auditor's report would be desirable.

All of the potential AQIs proposed by the PCAOB would be beneficial to investors. Where it is possible, I believe the focus of AQIs should be on the individual audit engagement teams. Investors are more concerned on the quality of the audit engagement teams of the firms we provide capital, and less concerned about the quality of the whole firm that employs the audit team although audit firm culture and incentive structure are also important. AQIs that can directly demonstrate a quality audit process will have greater credence with the investment community.

Thank you for the opportunity to comment on the potential inclusion of Audit Quality Indicators in the audit reporting process.

Sincerely,



Jennifer Paquette
Chief Investment Officer
Colorado PERA