



August 18, 2017

VIA EMAIL

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0213

Re: File Number PCAOB-2017-01

Dear Mr. Secretary:

I am writing on behalf of the Colorado Public Employees' Retirement Association ("Colorado PERA"). Colorado PERA is the 21st largest public pension plan in the United States with approximately \$44 billion in assets and a duty to protect the retirement security of over 550,000 plan participants and beneficiaries. The purpose of this letter is to provide comments in response to the U.S. Securities and Exchange Commission's ("SEC" or "Commission") notice to solicit comments on the Public Company Accounting Oversight Board's ("PCAOB" or "Board") proposed rules on the auditor's report on an audit of financial statements when the auditor expresses an unqualified opinion, and departures from unqualified opinions and other reporting circumstances, and related amendments to auditing standards ("Proposed Rules").

We would like to express our support for the Proposed Rules to the auditor's report from the perspective of a long-term investor. We also fully endorse the views of the Council of Institutional Investors (CII) in its August 8 letter to the Commission. For further emphasis, we are providing the following summary of our comments.

We share CII's principle that states, "Investors are the key customer and end users of audited financial reports, and therefore, the primary role of the audited financial reports should be to satisfy in a timely manner investors' information needs." The Proposed Rules will benefit all stakeholders by requiring the auditor to provide new information about the audit and make the auditor's report more useful and relevant to investors.

The addition of Critical Audit Matters ("CAMs") to the auditor's report will have a significant positive impact. As the Proposed Rule states, "the communication of critical audit matters will inform investors of matters arising from the audit that involved specially challenging, subjective, or complex auditor judgment, and how the auditor addressed these matters." We believe that this will provide valuable insights in analyzing and pricing risks in capital valuation and allocation, and contribute to our ability to make informed investment decisions.

Adding CAMs to the auditor's report will also provide important information about auditor tenure that we can use in making proxy voting decisions, such as the ratification of the auditor and on the election of audit committee members.

We believe that the disclosure of CAMs will not require material additional costs for companies since those matters generally are already required to be disclosed to the audit committee. Including information on CAMs in the auditor's report will lead management to improve the quality of its disclosures and potentially decrease liability in private litigation since communication of CAMs is about disclosure of risks and challenges.

We appreciate the opportunity to comment on the long overdue improvement to the auditor's report and look forward to the Commission promptly approving the Proposed Rules. We commend the Commission and PCAOB for pursuing one of the most important recommendations contained in the U.S. Department of Treasury's 2008 *Financial Report of the Advisory Committee on the Auditing Profession*, to improve the auditor's report.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory W. Smith". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Gregory W. Smith
Executive Director