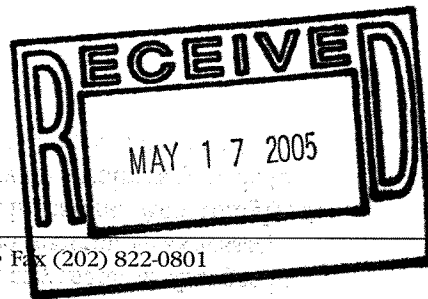


COUNCIL OF  
INSTITUTIONAL  
INVESTORS

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May 4, 2005

Office of the Secretary  
PCAOB  
1666 K Street NW  
Washington, DC 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 18

Dear Secretary:

The Council of Institutional Investors, an association of more than 140 corporate, public and union pension funds collectively holding more than \$3 trillion in pension assets, is writing in support of the PCAOB's proposed Auditing Standard, "Reporting on the Elimination of a Material Weakness." The proposed standard addresses the need of investors to know whether previously reported material weaknesses in a company's internal controls have been corrected.

The Council believes that this standard is a reasonable response to an issue unaddressed by Auditing Standard 2 (AS 2), namely how a company might report on remediation efforts. Although companies have an obligation on a quarterly basis to report any material changes in their internal controls, including a remediation of previously disclosed material weaknesses, verification by an independent auditor of a remediation could benefit investors. Accordingly, the Council supports the PCAOB's proposal to give companies the ability on a voluntary basis to seek an auditor's opinion that one or more material weaknesses have been corrected and to provide auditors with a standard for giving such as opinion.

The proposed rule is drafted to minimize costs, for example by emphasizing that auditors may rely on the work of others. And, it is appropriate that the proposed standard requires the auditor's opinion to identify explicitly the material weakness in question and the limit of the auditor's conclusion with respect to the effectiveness of other controls.

Please contact me with any questions.

Sincerely,

  
Ann Yerger  
Executive Director