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May 12, 2003

Office of the Secretary

PCAOB

1666K Street, N.W.

Washington, D.C. 20006-2803

Re: Rulemaking Docket Matter 004

Office of the Secretary:

I am writing to you on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest public pension system in the U.S., with approximately \$135 billion in assets. We manage the retirement benefits and health insurance on behalf of nearly 1.3 million members.

CalPERS is very supportive of the efforts of the PCAOB to improve standards of financial reporting by publicly-traded companies and to improve standards of auditing those financial statements. CalPERS appreciates the opportunity to comment on the Proposed Rule 3100 and Proposed Rule 3700. CalPERS expresses general support of these two proposed rules.

Proposed Rule 3100, Professional Auditing Standards. CalPERS expresses strong support for Proposed Rule 3100. CalPERS believes that the PCAOB should be the body that promulgates the standards for all audit and attest work performed for publicly-traded companies by registered audit firms. CalPERS believes that the process of setting these audit standards should be under a Board that serves the interests of all parties that are affected by these standards.

Proposed Rule 3700, Advisory Groups and Task Forces. CalPERS expresses strong support for Proposed Rule 3700. We support the Board's standards-setting process of: (1) reviewing existing professional auditing standards,

(2) considering auditing standards required by Sarbanes-Oxley Act of 2002 and
(3) a review of the standard for an auditor's attestation relating to internal controls pursuant to Section 404 (b) of the Act. CalPERS would like the Board to consider the following two items:

- (1) An appropriate balance of membership between the financial information suppliers – auditees and auditors; and financial information users – equity and credit investors;
- (2) An appropriate avenue for minority viewpoints in the advisory reports.

In summary, CalPERS appreciates the work of the PCAOB Board and the opportunity to comment and participate. We look forward to continual interchange of information and ideas with the PCAOB.

If you have any questions regarding our comments on the two proposed rules, please contact Ted White, Director of Corporate Governance, at (916) 341-2731, or Larry Jensen, Chief of the Office of Audit Services, at (916) 231-7807.

Sincerely,



Mark Anson
Chief Investment Officer