



July 8, 2008

Advisory Committee on the Auditing Profession ("ACAP")
Office of Financial Institutions Policy
Room 1418
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

**Re: ACAP's Draft Report and Subsequent Addendum to Section VI.
Firm Structure and Finances**

Dear Chairmen Levitt and Nicolaisen:

I am pleased to submit this comment letter on behalf of the Los Angeles County Employees Retirement Association ("LACERA"). LACERA administers and manages the retirement fund for the County of Los Angeles. With 151,000 members, 52,000 benefit recipients, and over \$40 billion in public pension fund assets, we are the largest county retirement system in the United States.

LACERA supports the efforts of the Department of Treasury's Advisory Committee on the Auditing Profession (the "ACAP") in developing recommendations designed to enhance the sustainability of a strong public company auditing profession. We appreciate this opportunity to comment on the ACAP's Addendum to Section VI. Firm Structure and Finances.

LACERA is in support of the ACAP's mission to promote conditions for greater public auditor reporting and transparency. As a long-term investor with significant investments and participation in the U.S. capital markets, we agree with the ACAP that an improved auditor's report would likely lead to more relevant information for users of financial statements and would clarify the role of the auditor in the audit of financial reporting.

Engagement Partner Signature

LACERA supports the ACAP's consideration to recommend that the Public Company Accounting Oversight Board (the "PCAOB") revise its auditor's report standard to mandate the engagement partner's signature on the auditor's report. We believe such a mandate will go a long way in providing an incentive for audit firms to improve audit quality.

Transparency

LACERA supports the ACAP's consideration to recommend additional reporting options aimed at increasing the transparency of public company auditing firms, including: (1) the PCAOB's proposal to require audit firms to produce a public annual report to the mandate under Sarbanes Oxley's Section 102(d); (2) adoption of the reporting requirements outlined in the European Union's Eighth Directive, Article 40

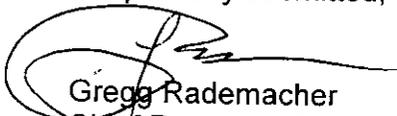
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Transparency Report, regarding audit quality and effectiveness, and; (3) requiring audit firms to produce a public annual report incorporating the information required in the Article 40 Transparency Report and in Recommendation 3 of Chapter VII of the ACAP's Draft Report. With respect to the ACAP's consideration of whether the PCAOB should require auditing firms file on a confidential basis audited financial statements prepared in accordance with either GAAP or IFRS beginning in 2011, LACERA supports alternative 2, which provides that the PCAOB would then make these audited financial statements publicly available. We believe these measures will provide for better transparency of auditing firms and enable investors to better assess overall audit quality and effectiveness.

Litigation

LACERA urges the ACAP not to recommend that Congress provide federal courts with exclusive jurisdiction over categories of claims, which presently may be brought in state courts against auditors, when such claims are related to audits of public company financial statements. Investors, principally public pension funds, have suffered billions of dollars in securities losses at the hands of corporate wrongdoers, including the most well-known offenders like Enron, Worldcom, Tyco, and Adelphia. Imposing exclusive federal jurisdiction over any such claims would derail efforts by investors to pursue legitimate claims against auditors in state court and jeopardize recoveries to public pension funds that rely on fraud-free investment returns to make benefits payments to beneficiaries.

Respectfully submitted,



Gregg Rademacher
Chief Executive Officer

Cc: Each Member, Board of Investments
Each Member, Corporate Governance Committee
David. L. Muir
Lisa Mazzocco