



July 30, 2010

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Cynthia M. Fornelli

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Mary L. Schapiro  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chairman Schapiro:

Thank you for the opportunity to provide recommendations to assist the Securities and Exchange Commission in identifying qualified candidates for the Chair and two members of the PCAOB Board.

The Center for Audit Quality strongly supports the statutory directive that PCAOB Board members be "prominent individuals of integrity and reputation who have a demonstrated commitment to the interests of investors and the public, and an understanding of the responsibilities for and nature of the financial disclosures required of issuers under the securities laws and the obligations of accountants with respect to the preparation and issuance of audit reports with respect to such disclosures." We also agree with the Commission that in making these important appointments, it should also consider other desirable experience and related criteria of the candidate.

The PCAOB has a wide remit under the Sarbanes-Oxley Act, which has been broadened significantly under the Dodd-Frank Act. In the near term, the Board will have to resolve diplomatic and legal issues regarding inspections of registered accounting firms domiciled outside of the United States, and implement oversight of auditors of broker-dealers, in addition to maintaining the strength and breadth of its current inspection, enforcement and standard-setting programs.

Given the challenges facing the PCAOB and the fact that the Commission has the unusual opportunity to appoint three new members contemporaneously, we would like to emphasize the attributes we believe

are necessary criteria for new Board members instead of recommending specific individuals. We urge the Commission to use this opportunity to achieve a balance of views and experience across the whole Board by selecting three new PCAOB Board members who will be able to add richness to the current Board's diversity of thought.

Importantly, the new Board members should demonstrate a deep understanding of our complex and increasingly interconnected global markets and an appreciation of the important role that public company auditing plays in protecting investors. Moreover, in light of the widespread re-examination of the role of external auditors, it will be necessary for new Board members to have a good understanding of current public company audit processes and be willing to engage in a wide discussion with all stakeholders, including global counterparts, on the appropriate role of the auditor. With respect to the new CPA Board appointment, these issues and the adoption of new audit standards by the PCAOB over the past 7 years, including Auditing Standard No. 5, it is extremely important for all stakeholders in the public securities markets that the new CPA member have relevant post-Sarbanes-Oxley audit experience, an area of expertise lacking on the present Board.

We appreciate the opportunity to share our views with the Commission as it moves to appoint new PCAOB Board members. Given the significant length of time that has passed since two member terms have expired and the lack of a permanent chairman for the past year, we encourage the Commission to move with alacrity. Please contact me if I can provide any additional information as you complete the appointment process.

Sincerely,



Cynthia M. Fornelli  
Executive Director  
Center for Audit Quality

cc:

Commissioner Kathleen L. Casey  
Commissioner Elisse B. Walter  
Commissioner Luis A. Aguilar  
Commissioner Troy A. Paredes  
Chief Accountant James L. Kroeker