

Ohio Retirement Systems

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November 24, 2003

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 008

Dear Mr. Secretary:

The Ohio Retirement Systems (ORS) collectively manage \$115 billion in assets and serve 1.5 million Ohioans. We strongly support the Public Company Accounting Oversight Board's (PCAOB) proposed auditing standard, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements."

The passage of the Sarbanes Oxley Act of 2002 was a watershed event in corporate governance. However, the PCAOB proposed rule is the next step forward that will strengthen internal controls to further provide protection to investors from accounting fraud at publicly traded companies. Unfortunately, as a result of Enron, Worldcom, Health South and other companies where large scale accounting fraud has been discovered, investors are all too familiar with the massive losses that result from a lack of effective internal controls and the absence of an effective audit committee.

With respect to certain specific provisions in the PCAOB proposed rule, our comments are as follows:

- We strongly believe that the auditor should be required to gather evidence through testing prior to evaluating whether management's internal control processes are effective and that management's assertion is fairly stated. In the absence of a testing requirement, the auditor's role would be minimized to merely rubber stamping management's attestation without any independent basis upon which to make the determination that the attestation accurately represents the effectiveness of the company's internal controls.
- Testing by the auditor is particularly important for controls intended to prevent or detect possible fraud. For this purpose, the auditor should not be permitted to rely on the work of others.
- It is also imperative that the auditor be required to evaluate the severity of internal control deficiencies that are discovered through testing by the auditor or that are identified by management. Examples of strong indicators of a material weakness are ineffective oversight, a material misstatement in the financial statements that is not initially identified by the company's internal controls, and significant deficiencies that have been communicated to management and the audit committee, but remain uncorrected.

- It is particularly important that the auditor be required to evaluate the effectiveness of the audit committee itself. Stronger, more effective audit committees are imperative for preventing financial fraud and protecting investors.

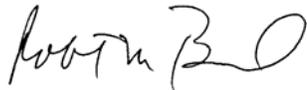
We strongly support the PCAOB proposed rule. Although this proposed rule may result in some increase in audit costs, the benefits will greatly outweigh the potential cost increase. Furthermore, the PCAOB proposed rule will help restore investor confidence in the integrity of the financial statements of publicly traded companies. We urge you to proceed in a timely manner to make the proposed rule a final rule, which will strengthen internal controls for the protection of investors.

Should you need any additional information, please feel free to contact Cynthia L. Richson, Corporate Governance Officer at the Ohio Public Employees Retirement System at 614/222-0398 or by e-mail at crichson@opers.org.

Sincerely,



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