

# American Federation of Labor and Congress of Industrial Organizations



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September 29, 2015

Sent via Electronic Mail: [comments@pcaobus.org](mailto:comments@pcaobus.org)

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

**Re: Rulemaking Docket Matter No. 041:  
Concept Release on Audit Quality Indicators**

Dear PCAOB Members:

On behalf of the American Federation of Labor and Congress of Industrial Organizations ("AFL-CIO"), I appreciate the opportunity to comment on the Public Company Accounting Oversight Board ("PCAOB") concept release on audit quality indicators. The AFL-CIO strongly supports the efforts by the PCAOB to improve the quality of audits for public companies by identifying audit quality indicators regarding audit professionals, the audit process, and audit results.

The AFL-CIO is the umbrella federation for U.S. labor unions, including 56 unions, representing 12.5 million union members. Union-sponsored and Taft-Hartley pension plans hold \$587 billion in assets. Union members also participate directly in the capital markets as individual investors and as participants in pension plans sponsored by corporate and public-sector employers. The retirement savings of America's working families depend, in part, on companies having reliably audited financial statements.

The PCAOB should consider requiring the disclosure of audit quality indicators to investors. For example, audit firms could be required to disclose audit quality data in the auditor's report. Alternatively, audit firms could be required to publicly disclose audit quality indicators in a public filing with the PCAOB. Making this information public will facilitate the ability of investors to assess the risk of a financial reporting failure and allow investors to compare public companies and the quality of their audits.

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The disclosure of audit quality indicators will also benefit investors when voting to ratify the selection of auditor at shareholder meetings. Under the SEC's existing proxy disclosure rules, public companies are only required to disclose the total amount of fees paid to the independent auditor for audit and non-audit services. Although fees are important for assessing the independence of the auditor, shareholders are not being provided with any substantive information regarding the overall quality of the audit.

Thank you for the opportunity to comment on the PCAOB's concept release on audit quality indicators. Investors will benefit from enhanced transparency of audit quality indicators, and we urge the PCAOB to require that this information be made publicly available. If I can provide any additional information on the AFL-CIO's views, please contact me at 202-637-5152.

Sincerely,

A handwritten signature in black ink, appearing to read 'BJR', with a stylized flourish extending to the right.

Brandon J. Rees  
Deputy Director  
AFL-CIO Office of Investment

BJR/sdw  
opeiu #2, afl-cio