



June 3, 2011

EXECUTIVE DIRECTOR

Cynthia M. Fornelli

GOVERNING BOARD

Chairman
James S. Turley, Chairman and CEO
Ernst & Young LLP

Vice Chair
Michele J. Hooper, President and CEO
The Directors' Council

Vice Chair
Barry C. Melancon, President and CEO
AICPA

Joe Adams, Managing Partner and CEO
McGladrey & Pullen, LLP

Charles M. Allen, CEO
Crowe Horwath LLP

Stephen Chipman, CEO and Executive Partner
Grant Thornton LLP

Joe Echevarria, CEO
Deloitte LLP

Harvey J. Goldschmid, Dwight Professor of Law
Columbia University

Robert E. Moritz, Chairman and Senior Partner
PricewaterhouseCoopers LLP

Lynn S. Paine, Professor of Business
Administration and Senior Associate Dean,
Director of Faculty Development
Harvard Business School

John B. Veihmeyer, U.S. Chairman and CEO
KPMG LLP

Jack Weisbaum, CEO
BDO USA, LLP

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: File No. 4-626

Dear Ms. Murphy:

The Center for Audit Quality (CAQ) welcomes the opportunity to respond to the Securities and Exchange Commission's (SEC or Commission) request for public comment on the effectiveness of existing private and public efforts to educate investors. The letter represents the observations of the CAQ, but not necessarily the views of any specific firm, individual or CAQ Governing Board member.

While there are many notable investor education sites, they typically do not focus on the audit process and there is not a lot of "easily digestible" information available to the public on the role independent auditors play in the financial reporting processes of public companies.

While we know from our most recent "Main Street Investor Survey" that individual investors largely remain confident in the audited financial statements released by U.S. public companies, the CAQ is concerned about the long standing expectation and information gaps investors have with respect to the role of the public company auditor.

Accordingly, the CAQ has redoubled its efforts to educate investors about the role of the auditor and the audit process. The CAQ recently released an *In-Depth Guide to Public Company Auditing*, which expands on the original *Guide to Public Company Auditing* published in May 2009. The new *Guide* describes the audit process, beginning with how a public company audit firm decides to accept a new audit engagement, how it assesses the risk that the financial statements contain material misstatements as part of determining the audit's scope, and then how the auditors perform and report their findings – all in plain English.

Importantly, the *In-Depth Guide* is providing a foundation for a broader educational effort aimed at investors of all types. In April, the CAQ launched a “For Investors” area of the CAQ Web site’s homepage. This weekly feature presents a straightforward “Did You Know” fact about public company auditing and the audit process. These facts are being archived in a “For Investors” section of our Web site, along with other resources, including links to the investor education activities of government agencies, regulators and financial literacy organizations. As we move forward with a Web site update, we plan to add additional educational features for investors.

We also are exploring development of educational tools, such as videos that could be posted on other investor literacy sites and distributed via the Internet and through social media that explain our system of financial protection and the audit process in an informative yet entertaining manner. This vehicle also could be used to explore various elements of the audit process more deeply.

The CAQ believes investors – and all citizens – should have a basic understanding of financial reporting requirements, trading and markets, and our system of investor protection. This requires increasing efforts to expand educational outreach by utilizing traditional and emerging methods of communication (accessibility) and presenting information in a variety of (enjoyable) formats that speak to a range of audiences and age groups. We hope to contribute to this effort and commend the Commission for its timely focus on investor education.

We appreciate the opportunity to respond to the Commission’s request for comment on efforts to educate investors and welcome the opportunity to respond to any questions you may have regarding any of our observations.

Sincerely,



Cynthia M. Fornelli
Executive Director
Center for Audit Quality

* * * * *

The Center for Audit Quality (CAQ or the Center) is an autonomous public policy organization dedicated to enhancing investor confidence and public trust in the global capital markets. The CAQ fosters high quality performance by public company auditors, convenes and collaborates with other stakeholders to advance the discussion of critical issues requiring action and intervention, and advocates policies and standards that promote public company auditors’ objectivity, effectiveness and responsiveness to dynamic market conditions. Based in Washington, D.C., the CAQ is affiliated with the American Institute of Certified Public Accountants.