

September 11, 2009

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

**Re: *Concept Release on Requiring the Engagement Partner to Sign the Audit Report*  
PCAOB Rulemaking Docket Matter No. 029**

Deloitte & Touche LLP (“D&T”) is pleased to respond to the request for comments from the Public Company Accounting Oversight Board (the “PCAOB” or the “Board”) on its *Concept Release On Requiring the Engagement Partner to Sign the Audit Report*, PCAOB Release No. 2009-005; PCAOB Rulemaking Docket Matter No. 029 (July 28, 2009) (the “concept release”). We commend the PCAOB’s decision to issue a concept release in order to obtain viewpoints from interested parties on this topic. Seeking input through a concept release enhances the transparency of the Board’s standard setting process and promotes the development of high quality standards.

We believe changes in audit standards should be considered from the perspective of whether the change can be demonstrated to improve audit quality, and whether the costs and potential unintended consequences associated with the change are acceptable when compared to expected enhancements to audit quality. Evaluating changes in the audit standards based on such principles brings an important discipline to the standard-setting process.

The concept release offers two respects in which the signature requirement for the engagement partner may improve audit quality: by increasing the sense of accountability of the engagement partner for the work performed during the audit, and by providing meaningful transparency to the investing public.<sup>1</sup> We do not believe that the engagement partner signature requirement will meet the objective of improving audit quality in either respect. The suggested beneficial effects on accountability and transparency are speculative, and the concept release does not present evidence that an engagement partner signature requirement will enhance audit quality. However, the associated costs and burdens, including unintended consequences, are real and could be significant.

---

<sup>1</sup> See PCAOB Release No. 2009-005, at 5.

In order to assess certain aspects of the concept release, we thought it would be instructive to obtain the perspective of our firm’s audit partners. In particular, because the concept release focuses on the notion that requiring the engagement partner’s signature will increase their individual accountability, an empirical assessment as to what individual auditors believe the effect of a signature requirement would be seems appropriate.<sup>2</sup> We designed an anonymous survey to elicit reactions on the potential effects of the signature requirement. Many of the questions were open-ended, and allowed the individuals surveyed to expand upon their views. Results of this survey are presented at various points in this letter, but, as discussed in more detail below, the auditors responded that a signature requirement would not alter their already strong sense of accountability, and expressed significant concern about the adverse and unintended consequences that could result from the change.

In short, we do not believe the PCAOB should move forward with an engagement partner signature requirement, but rather should focus on other standard setting initiatives that will have a clear and demonstrable effect on improving audit quality.<sup>3</sup> If, however, the Board is inclined to move forward with the engagement partner signature requirement, we strongly recommend that before proceeding with a standard-setting initiative the PCAOB seek empirical evidence about the impact such a change would have on audit quality, including by commissioning academic research.

**A. Requiring The Partner To Sign The Report Will Not Enhance Accountability Or Transparency, Nor Will It Improve Audit Quality.**

*1. The signature requirement will not enhance accountability.*

Engagement partners already have a strong sense of accountability for the quality of the audit. The concept release nonetheless suggests that audit quality will be improved because a signature requirement would increase the partner’s sense of accountability as he or she would exercise greater care in performing the audit. We are not aware of any evidence, however, to support the view that a partner would feel a greater sense of accountability by signing his or her name on the audit report in addition to signing the firm name.<sup>4</sup> Indeed, in surveying our audit

---

<sup>2</sup> We surveyed the partners in our audit practice on certain of the issues raised in the concept release and experienced a 37% response rate. Of these respondents, 90% currently work on public company audits and 81% have signed an opinion in connection with a public company audit in the last five years.

<sup>3</sup> One member of the PCAOB’s Standing Advisory Group, David Becker, former member of the PCAOB’s Standing Advisory Group and current General Counsel of the Securities and Exchange Commission observed at the October 22-23, 2008 SAG meeting: “I just hope that whatever the Board does in this . . . it spends most of its time on things that are much more important, and are going to have a more demonstrable effect on audit quality.”

<sup>4</sup> Studies have been done with respect to auditor accountability and judgments in general. See DeZoort, T., P. Harrison, and M. Taylor, “Accountability and auditors’ materiality judgments: The effects of differential pressure strength on conservatism, variability, and effort,” *Accounting, Organizations and Society* 31 (4/5) 373–390, Table 1 (2006). However, studies directly related to partner signature on the audit report and the impact that it would have on accountability and audit quality have not been performed. Of the three studies on auditor

[Footnote continued on next page]

partners, 93% said that such a requirement would not increase accountability, and 98% said that such a requirement would not improve audit quality.

The notion that signing the audit report will increase partner accountability does not recognize that audit partners today are already held fully accountable through a variety of mechanisms. Audit partners are subject to multiple layers of internal quality control mechanisms and multiple sources of external oversight (such as audit committees, federal and state regulators, and the threat of civil liability). It is also important to recognize that both because of their own internal quality control mechanisms and significant external oversight, firms, too, are highly incentivized to be assured regarding the quality of their personnel, including engagement partners in particular. Of the 93% of the partners who responded that their sense of accountability would not change, a majority provided supplemental responses to articulate their views that they already feel a significant sense of accountability. As one respondent to the survey explained, “Based on PCAOB reviews, internal inspections, potential depositions, I believe partners are already well aware of their accountability.”

As noted above, the firms have in place several layers of quality control mechanisms. Under current PCAOB standards, registered firms are responsible for and are required to establish a system of quality control that provides the firm with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm’s standards of quality. These internal quality control processes, which include elements related to, among others, independence, integrity, objectivity, personnel management, acceptance and continuance of clients, engagement performance, and monitoring, hold partners accountable to the firm for the performance of quality audits. Firms closely oversee partner compliance through:

- engagement quality assurance reviews,
- internal inspections,
- performance evaluations, and
- other monitoring, including through peer reviews, and remediation activities, including discipline when appropriate.

---

[Footnote continued from previous page]

accountability that have been relied on in support of the signature requirement, we note several key points about these studies: the data for each of the studies was gathered prior to the passage of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”) and implementation of the resulting oversight and regulatory requirements, and, as a result, the studies do not take into account all of the ways in which partners are held accountable; the subjects for two of the studies predominately included auditors with an average of three years of experience or less; and none of the subjects in the studies were partners. See references in June 3, 2009 letter to the Board from Gramling, Carcello, DeZoort, and Hermanson to *id.* at 373-390; Johnson, V. E. and S. E. Kaplan, “Experimental evidence on the effects of accountability on auditor judgments,” *Auditing: A Journal of Practice & Theory* 10: 96-107 (1991); Kennedy, J., “Debiasing audit judgment with accountability: A framework and experimental results,” *Journal of Accounting Research* 31: 231-245 (1993).

As stated in PCAOB Quality Control Standard 20.03, “A firm [h]as a responsibility to ensure that its personnel comply with the professional standards applicable to its accounting and auditing practice.” This reference to the responsibility of “a firm” supports the notion that the firm has responsibility for the audit report, not an individual partner and that the firm is already responsible for and incentivized to hire, train, retain, and assign personnel that have the qualifications necessary to fulfill the responsibilities they will be called on to assume.

Moreover, firms and individual auditors are subject to extensive external oversight by audit committees, federal and state regulators, and through the threat of civil liability, and other means as described in more detail below. These oversight mechanisms function in a variety of ways to bolster the strong sense of accountability already held by engagement partners. For example, engagement partners know that by not adhering to professional standards they risk being subject to individual scrutiny by one or more of the external oversight mechanisms in a way that puts at risk their reputation, personal assets, license and ability to practice, and livelihood. Beyond these risks, too, engagement partners are keenly aware that even if the external oversight is directed at the firm as a whole, and not the individual, an engagement partner’s reputation and career prospects can be significantly impacted by such oversight. Simply put, an engagement partner’s sense of responsibility cannot be overstated.

The multiple sources of external oversight include:

- *Oversight by the Audit Committee and Board of Directors:* The Sarbanes-Oxley Act requires audit committees to be directly responsible for the appointment, compensation, and oversight of the work of the independent auditor. As a result, the engagement partner is accountable to and reports to the audit committee (and through the audit committee to the board of directors). Further, on a regular basis the engagement partner meets with the audit committee and is required to provide certain communications at the completion of the audit. Throughout the audit process the engagement partner is evaluated by the audit committee and the board of directors.
- *PCAOB Oversight:* Engagement partners have a professional responsibility to adhere to PCAOB professional standards. Their work is subject to review by the PCAOB through regular and special inspections and through PCAOB investigations and enforcement proceedings.<sup>5</sup>
  - Regular PCAOB inspections include reviews of selected audit engagements, during which the PCAOB meets with the engagement partner about the audit and reviews the audit documentation and procedures performed.<sup>6</sup> Also as part of regular inspections, the PCAOB assesses whether the design and application of processes by the audit firm related to partner management

---

<sup>5</sup> Every registered firm and associated person of the firm (including engagement partners) has a duty under PCAOB rules to cooperate with such inspections. A failure to cooperate may result in disciplinary proceedings and potential sanctions by the Board. See PCAOB Rule 4006.

<sup>6</sup> All firms that are registered with the PCAOB and audit more than 100 issuers are subject to annual inspection by the PCAOB, and those registered firms that audit 100 or fewer issuers are inspected every three years.

(including evaluation, compensation, admission, termination, and disciplinary actions) provide assurance of an appropriate emphasis on audit quality.

- Special inspections (of registered firms, including the partners thereof) may be conducted at any time as authorized by the Board on its own initiative or at the request of the U.S. Securities and Exchange Commission (“SEC” or the “Commission”).
- Investigations and enforcement proceedings by the PCAOB represent another significant way that the work of engagement partners is subject to extensive oversight. Being the subject of an investigation or enforcement proceeding can have serious ramifications for an individual partner, including the loss of reputation or even the ability to provide audit services to public companies. The prospect of this regulatory review presents a constant reminder to engagement partners of their accountability. And, as noted above, an investigation or enforcement proceeding, even if directed only at the firm, can have significant consequences for the engagement partner, even if he or she is not named.
- *SEC Oversight and Enforcement:* Auditors, including engagement partners, are also subject to SEC oversight and enforcement. Determinations of improper professional conduct can lead to the suspension or bar of an engagement partner’s ability to practice before the Commission.
- *Oversight by State Licensing Bodies and Professional Associations:* Partners who sign audit reports are licensed certified public accountants. Licensing is determined by state licensing authorities that not only have the ability to determine who obtains and maintains a license, but also have the ability to discipline and sanction licensees. As a result of state disciplinary action, an auditor may have his or her license suspended or taken away, thereby losing the right to practice altogether. In addition, auditors are subject to oversight through disciplinary proceedings conducted by professional associations such as the AICPA and state professional societies.
- *Threat of Litigation:* Engagement partners are well aware that by their roles they risk becoming drawn into civil litigation involving federal and state law claims. Because civil litigation can have serious consequences for an individual partner, as well as for the firm as a whole, the threat of litigation acts as an additional source of an auditor’s sense of accountability.

Separately, it has been suggested, as noted in the concept release, that a requirement for the engagement partner to sign the audit report would be similar to the requirement imposed by Section 302 of the Sarbanes-Oxley Act.<sup>7</sup> This comparison is inappropriate. Management of a public company has primary control over and responsibility for the financial statements; and, in

---

<sup>7</sup> Section 302 requires that in each annual or quarterly report filed with the SEC, an issuer’s CEO and CFO provide certain certifications.

passing Section 302, Congress was responding to concerns that CEOs and CFOs were trying to avoid that responsibility. By contrast, the responsibility and accountability of the engagement partner and the firm for the audit report is well-established and accepted. An individual signature of the lead audit partner is not needed to reinforce this responsibility.

Partners are already held to extremely high standards not only internally, but externally. They fully understand and accept these responsibilities, and in this way are fully accountable for their conduct. There is no other profession in which individuals are subject to such intense and comprehensive oversight. We do not believe that requiring a partner signature on an audit report will create any meaningful degree of change in a partner's sense of accountability or result in an improvement in audit quality.

2. *The signature requirement will not provide meaningful transparency.*

While not fully explaining how transparency will enhance audit quality, the concept release does suggest that additional transparency regarding who is responsible for the audit “could provide useful information to investors.” It is unclear, however, how knowing the engagement partner's name would be useful in making investment decisions. The concept release emphasizes the ability to “track” a particular engagement partner's experience, which might, in turn, assist the investment community in evaluating the expertise and quality of the partner's work.<sup>8</sup> But the number of public company audits for which an individual may be a signing engagement partner would represent only a fraction of the relevant experience of an engagement partner. For example, an auditor may also perform audits for non-public companies, thereby gaining additional valuable experience. An investor will likely also be unaware of the individual auditor's other professional experience, as well as his or her education and ongoing training. None of these aspects of an engagement partner's qualifications will be reflected by an engagement partner's signature. Further, as discussed below, an audit is performed by a wide range of individuals within a given firm, and therefore, focusing the investment community's attention on “the” engagement partner will provide a distorted picture of how an audit really works and who is responsible for it.

Audit quality is reflective of a firm's quality control processes and procedures. Providing transparency regarding quality control processes and procedures would be more helpful to investors than identification of the audit partner because it is those processes and procedures that form the basis for being able to sign the firm's name on the audit report.

**B. Significant Unintended Consequences May Result From The Engagement Partner Signing The Report.**

As discussed above, we believe decisions by the Board regarding changes in audit standards should include consideration of expected costs and burdens (including unintended consequences), as well as anticipated benefits. In this case, the potential benefit, if any, resulting

---

<sup>8</sup> See PCAOB Release No. 2009-005, at 9.

from a partner signature requirement are speculative. However, we believe significant costs and unintended consequences could result, as described below.

1. *It will foster a misunderstanding about the audit process and role of the engagement partner, placing far too much emphasis on the role of a single individual.*

The performance of an audit, while under the leadership of an engagement partner having final responsibility, requires the work of many professionals, including other members of the engagement team, additional partners, and members of the firm's quality control network who might be consulted in connection with the engagement. Each individual involved in an audit is responsible for adhering to professional standards, not just the engagement partner. Requiring the engagement partner to sign the audit report will serve to foster a misperception and lack of understanding about how an audit is conducted and who is responsible for it. Supporting this point, in surveying our audit partners, half of the respondents—answering an open-ended question—expressed their concern that requiring a partner signature is not consistent with how an audit is conducted. As an audit is a collaborative effort of all members of an engagement team and is the product of the team's collective experience, education, training, and expertise as well as the firm's quality control processes, the signature of a firm name on an audit report best presents how an audit is conducted.

Audit clients are considered clients of the firm and not of the individual partner who is assigned responsibility to lead the audit. Changing the current practice, which emphasizes the responsibility of the firm as a whole, including all of the individuals participating in the audit, to a practice which would place focus on a particular partner may result in clients being viewed as (or viewing themselves as) clients of the partner and not clients of the firm. This could serve to perpetuate a lack of understanding with respect to how an audit is conducted.

2. *There will be additional legal exposure and costs, which may be significant.*

As noted above, engagement partners are currently subject to extensive oversight and potential remedial action through, among other things, PCAOB and SEC enforcement actions and private litigation. The concept release acknowledges concerns about the effect of the engagement partner signature requirement on the partner's exposure to increased litigation and liability.<sup>9</sup> Importantly, the Board indicates that its "intent with any signature requirement would not be to increase the liability of engagement partners."<sup>10</sup> The possibility of this increased exposure, however, is real. The proposed signature requirement would potentially subject engagement partners to increased liability under the federal securities laws, as explained below. The signature requirement might also increase liability under state law. Although the full effects on liability may not be known at this stage, at a minimum, a personal signature requirement is certain to generate additional lawsuits and other proceedings against individual engagement

---

<sup>9</sup> See PCAOB Release No. 2009-005, at 4, 11–13.

<sup>10</sup> See PCAOB Release No. 2009-005, at 11.

partners, thereby raising litigation costs and the attendant burdens of litigation for the engagement partners and their firms.

As correctly noted in the concept release, a signature requirement might expose engagement partners to increased liability under Section 10(b) of the Securities Exchange Act of 1934. Courts are divided over when an individual may be subject to *primary* liability for conduct relating to misstatements not directly attributed to him or her. The Second Circuit, where a large number of securities lawsuits are litigated, holds that a misstatement is actionable under Section 10(b) only if it is “attributed to the *specific actor*” alleged to have made it (which, in the audit context, typically would include the firm).<sup>11</sup> Thus, in some jurisdictions, depending on the circumstances of the case, engagement partners who do not sign audit reports (as opposed to the firms that sign the audit reports) may be able to argue that they are not subject to Section 10(b) claims because they are not the “specific actor” to which a disputed audit report was attributed. The signature requirement could make it more challenging to assert that argument successfully.

The signature requirement could also subject engagement partners to additional claims under Section 11 of the Securities Act of 1933. For example, subsection (a)(4) of Section 11 creates private claims against “every accountant” who “has with his consent been named” as “having prepared or certified any part of the registration statement” or “any report or valuation which is used in connection with the registration statement.”<sup>12</sup> Requiring personal signatures could increase the likelihood that plaintiffs will allege that individuals have provided “consent” to be so named. Because Section 11 “imposes a form of strict liability,”<sup>13</sup> broadening the reach of Section 11 claims could have a significant impact on litigation risks for engagement partners.<sup>14</sup>

In addition, new theories of liability often follow the establishment of new legal obligations, and the consequences of “creative pleading” are difficult to predict. Plaintiffs may assert that partner signatures give rise to new liabilities under common law and under the states’

---

<sup>11</sup> *Wright v. Ernst & Young LLP*, 152 F.3d 169, 175 (2d Cir. 1998); *see also Ziemba v. Cascade Int’l, Inc.*, 256 F.3d 1194, 1205 (11th Cir. 2001); *In re Cabletron Sys. Inc.*, 311 F.3d 11, 41 (1st Cir. 2002) (holding that a complaint stated a claim under Section 10(b) against a company’s outside directors, in part, because they signed a disputed Form 10-K).

<sup>12</sup> 15 U.S.C. § 77k(a)(4).

<sup>13</sup> *Greenapple v. Detroit Edison Co.*, 618 F.2d 198, 203 (2d Cir. 1980).

<sup>14</sup> The concept release discusses the possibility of requiring the disclosure of engagement partners’ names as an alternative to requiring their signatures. There is no basis to conclude that this alternative would generate less risk of liability or less litigation. For example, the jurisdictions that hold that misstatements are actionable under Section 10(b) only if attributed to a specific actor do not address a distinction between attribution by signature or other means. In any event, a disclosure rule would have all the same undesired consequences of making individual audit partners more visible targets in litigation, as discussed below in more detail.



varied blue sky laws. A signature requirement also could prompt prosecutors and regulators to target for review and potential action the conduct of engagement partners where they would not previously have done so.<sup>15</sup>

The adoption of a personal signature requirement would undoubtedly impose serious burdens on firms and engagement partners, regardless of how courts ultimately construe the effects of signatures on liability. A signature requirement is certain to generate increased claims against them. Naming individual engagement partners as defendants would often require retaining additional legal counsel. The threat of personal liability would add to the *in terrorem* effect of litigation, one effect being increased pressure to settle claims without regard to their merit. Novel theories of liability would generate costly disputes over issues of first impression.

Heightened regulatory oversight and litigation could itself trigger additional disclosures and invite yet another layer of review unrelated to the quality of the work on the particular audit—e.g., disclosures to state boards of accountancy, including when renewing CPA licenses. The increased risk of liability, or simply of being involved in regulatory or litigation proceedings, with the attendant effects on the engagement partner’s professional reputation, career advancement, ability to practice, and financial well being, could exacerbate the existing pressures placed on the individuals who serve in that capacity, and affect their willingness to take on the engagement partner role. This unintended and unnecessary effect on the pool of qualified auditors should be avoided.

Although the concept release correctly notes that the European Union now requires its member states to adopt engagement partner signature requirements for audit reports, this does not support adopting the same requirement in the United States. It is well-recognized that the liability environment and legal systems in Europe and the United States are significantly different. For example, securities class actions, at least in the form they exist in the United States, are now not present in the United Kingdom or in the markets of other major European countries.<sup>16</sup> In the United States, private securities class actions resulted in \$3.5 billion in settlement costs in 2005 alone, not including the massive \$6.156 billion settlement in the *WorldCom* securities litigation.<sup>17</sup> This is but one example of how the serious risks posed by litigation in the United States are unique, and not comparable to those faced by firms and

---

<sup>15</sup> For example, prosecutors might assume that signatures would increase the likelihood of obtaining a conviction against an individual engagement partner under 18 U.S.C. § 1001, which criminalizes false statements to the government. At least one federal court of appeals has stated it does “not equate a statement issued by and in the name of a corporation with a statement by an individual.” *United States v. Lange*, 528 F.2d 1280, 1288 (5th Cir. 1976). *But see United States v. Lanier*, 578 F.2d 1246, 1250 (8th Cir. 1978).

<sup>16</sup> Luigi Zingales, *et al.*, Committee on Capital Markets Regulation, *Interim Report of Comm. on Capital Markets Regulation*, at 11, 75 (Nov. 30, 2006).

<sup>17</sup> *Id.* The Committee on Capital Markets Regulation also reported that insurance rates for directors and officers are six times higher in the United States than in Europe. *Id.* at 5.

individuals in Europe.<sup>18</sup> Furthermore, liability reform is proceeding in Europe in respects not present in the United States. For example, last year the European Commission called for its member states to adopt one of three approaches to limit the liability risks for auditors: by contract with the client, liability caps, or adoption of proportionate liability.<sup>19</sup> Further, an open question is whether the addition of a signature requirement in the United States could impact the willingness of partners of member firms outside the United States to audit non-U.S. companies that file reports with the U.S. Securities and Exchange Commission. In light of the absence of any experience here in the United States and given that the engagement partner signature initiative is still in the embryonic stage in the EU, the PCAOB should, at a minimum, wait until it can more thoroughly assess the impact on audit quality, if any, of the signature requirement in the EU.

If the PCAOB moves forward with a proposal related to the signature requirement, consideration must be given to how adequate protections can be put in place to safeguard against these unintended consequences. The concept release correctly points out that the requirement “should not impose on any signing partner any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of an auditing firm.”<sup>20</sup>

3. *An engagement partner signature requirement would ignore corporate governance structures and the significant reforms put in place as a result of the Sarbanes-Oxley Act.*

Corporate governance structures currently in place may be circumvented by requiring the engagement partner to sign the audit report. Investors’ interests are generally represented through the board of directors and the audit committee. As discussed above, under the Sarbanes-Oxley Act audit committees are directly responsible for the appointment, compensation, and oversight of the work of the independent auditor, including the engagement partner, and represent the interests of investors in this regard. It is generally inappropriate for the auditor to answer questions from individual shareholders or shareholder/investor representatives about the company or the audit, due to professional responsibilities with respect to confidentiality of client

---

<sup>18</sup> The U.S. Department of Treasury’s Advisory Committee on the Auditing Profession has concluded that the serious litigation risks faced by U.S. audit firms are “real.” U.S. Department of Treasury, Final Report of the Advisory Committee on the Auditing Profession (“ACAP Report”), at VIII:9 (Oct. 6, 2008), *available at* <http://www.treas.gov/offices/domestic-finance/acap/docs/final-report.pdf> (discussing past catastrophic litigation in the United States, as well as the collapse of Arthur Andersen).

<sup>19</sup> *Commission Recommendation of 5/VI/2008 concerning the limitation of the civil liability of statutory auditors and audit firms* at 1–2 (2008).

<sup>20</sup> PCAOB Release No. 2009-005, at 4 (citing ACAP Report at VII:20, recommending that any signature requirement be accompanied by measures to ensure that the requirement does not increase the liabilities or duties of an engagement partner). In addition, as recognized in the concept release, the PCAOB does not have authority to promulgate safe harbor protections, and as a result, legislation or an SEC rulemaking or both would be needed to provide such protections. *See* PCAOB Release No. 2009-005, at 13.

information and legal issues with respect to disseminating non-public information. Were a specific signature be affixed to the report, however, investor inquiries that are appropriately directed to the company may be more likely to be directed to individual auditors—who, of course, would likely not be in a position to respond—leading to unnecessary frustration on the part of investors.

4. *The impact on the security and privacy of our partners and that of their families is also a significant concern.*

Finally, we believe that the proposed standard could lead to significant security and privacy concerns. As part of the survey, approximately 48% of the audit partners provided candid and unprompted feedback that they would be concerned about the impact such a requirement would have on their personal security and privacy and that of their families.<sup>21</sup> We believe this is an important data point for the Board to consider. Creating a new requirement that leads to fears about the loss of security or personal privacy could trigger a reluctance to accept particular audit engagements and could further challenge the profession’s ability to attract and retain auditors, thereby adversely affecting audit quality.

\* \* \*

Fundamentally, we do not believe that adding the engagement partner’s name to an audit report will enhance audit quality. The engagement partner signature requirement will not enhance the already strong sense of accountability held by partners, which is significantly reinforced by many layers of quality control and oversight. Nor will access to the name of the engagement partner provide useful information to the investing public. Indeed, it is likely that the requirement will introduce unwarranted, albeit unintended, costs and burdens to the audit process and to those at audit firms who participate in that process.

D&T appreciates this opportunity to provide our perspectives on this important topic. Our comments are intended to assist the PCAOB in analyzing the relevant issues and potential impacts as discussed herein. If you have any questions or would like to discuss these issues further, please contact Robert Kueppers at (212) 492-4241 or John Fogarty (203) 761-3227.

Very truly yours,

/s/ Deloitte & Touche LLP

---

<sup>21</sup> By way of example, two engagement partners responding to the survey expressed this unsolicited concern. One stated, “The [engagement partner] may become the target of unwarranted abuse from those who don’t understand the purpose of an audit. This abuse may put him/her, their family and colleagues at risk of violence or otherwise, which accounting firms are not equipped to protect them from.” Another similarly explained, “I would be deeply concerned about the significant threat to personal security and the security of [my] children. . . . Such a policy would lead to partners refusing certain risky clients or leav[ing] the profession due to security concerns.”

cc: PCAOB  
Daniel L. Goelzer, Acting Chairman  
Bill Gradison, Member  
Steven B. Harris, Member  
Charles D. Niemeier, Member

SEC  
Mary L. Schapiro, Chairman  
Luis A. Aguilar, Commissioner  
Kathleen L. Casey, Commissioner  
Troy A. Paredes, Commissioner  
Elisse B. Walter, Commissioner