

October 20, 2010

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

Re: *Proposed Auditing Standard Related to Communications With Audit Committees and Related Amendments to Certain PCAOB Auditing Standards (PCAOB Release No. 2010-001, March 29, 2010, Rulemaking Docket Matter No. 030)*

Deloitte & Touche LLP (“D&T”) appreciates the opportunity to provide further comments to the Public Company Accounting Oversight Board (the “PCAOB” or the “Board”) on its *Proposed Auditing Standard Related to Communications With Audit Committees* (PCAOB Release No. 2010-001 (“Release”), March 29, 2010, PCAOB Rulemaking Docket Matter No. 030) (the “Proposed Standard”). D&T supports efforts to encourage and promote effective communication between auditors and audit committees. We commend the efforts of the Board to seek further input on this important Proposed Standard and for holding a roundtable on September 21 to further discuss issues that have arisen during the comment period.

The purpose of this letter is to reiterate our views and concerns expressed in our May 28 comment letter on the Proposed Standard and to express support for some of the comments made during the September 21 roundtable. Specifically, we agree with those at the roundtable who cautioned the PCAOB against creating several new requirements with respect to auditor communications with the audit committee. As explained by Mr. Dennis Beresford, “expanded requirements for auditor communications could easily lead to a checklist approach, whereby routine matters tend to drive out more substantive issues.”¹

We believe the objective behind communications between the auditor and the audit committee is to provide the audit committee with sufficient and relevant information so that it can carry out its oversight responsibilities in an effective and efficient manner. Creating more required auditor communications, however, does not necessarily make the communications to the audit committee more effective. There are several matters that are of such importance that we believe should result in required discussions with the audit committee in all instances. These topics are (1) significant disagreements with management (2) material written communications from the auditor (3) uncorrected misstatements, and (4) related-party transactions. The applicability and

¹ Unofficial transcript of the PCAOB's Roundtable on Communications with Audit Committees held on September 21, 2010.

http://pcaobus.org/Rules/Rulemaking/Docket030/Roundtable_Transcript.pdf

importance of other currently required communications (and those added in the Proposed Standard) are largely dependent on client circumstances. Therefore, one option of making the communications more effective would be to revisit some of the current required communications (and those additional items in the Proposed Standard) and determine if certain of those items should be required in all cases, and if others should be communicated dependent upon the facts and circumstances of the engagement based on the auditor's judgment and the importance of the particular issue for a particular audit engagement.

Additionally, we understand the concerns expressed by some during the roundtable regarding varied expertise and commitment of audit committee members. We agree with Ms. Joan Waggoner that "communications between the auditors and the audit committees needs to be very flexible to reflect those very different skill sets."² We also believe the effectiveness of audit committees and the appropriate expertise by audit committee members will not be enhanced by creating more required auditor communications. To help improve the effectiveness of audit committees, the PCAOB should consider teaming with the National Association of Corporate Directors and the Securities and Exchange Commission (and maybe others such as the exchanges) to issue practice aids or hold workshops on best practices for audit committees. This would be a much more effective way to help audit committees improve their performance.

We welcome an opportunity to further discuss these matters with the Board and the staff. Dialogue with commenters as the Proposed Standard is evaluated and changes are considered will facilitate a more complete understanding of the comments and will ultimately improve the final standard and the auditor's ability to implement it effectively and efficiently. If you have any questions or would like to discuss these matters further, please do not hesitate to contact John Fogarty at (203) 761-3227. We thank you for your consideration of these matters.

Very truly yours,

/s/ Deloitte & Touche LLP

cc: Daniel L. Goelzer, Acting PCAOB Chairman
Bill Gradison, PCAOB Member
Steven B. Harris, PCAOB Member
Charles D. Niemeier, PCAOB Member
Martin F. Baumann, Chief Auditor and Director of Professional Standards

Mary L. Schapiro, SEC Chairman
Luis A. Aguilar, SEC Commissioner
Kathleen L. Casey, SEC Commissioner
Troy A. Paredes, SEC Commissioner
Elisse B. Walter, SEC Commissioner
James L. Kroeker, SEC Chief Accountant
Brian T. Croteau, Deputy Chief Accountant

² Ibid.