Deloitte.

Deloitte Touche Tohmatsu
1633 Broadway
New York, NY 10019-6754
USA

Tel: +1 212 492 4000
Fax: +1 212 492 4001
www.deloitte.com

February 16, 2007

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

Re: PCAOB Rulemaking Docket Matter No. 022; PCAOB Release No. 2006-008: Amendments to Board Rules Relating to Inspections

Deloitte Touche Tohmatsu ("DTT"), on behalf of its member firms, is pleased to respond to the request for comments from the Public Company Accounting Oversight Board (the "PCAOB" or the "Board") regarding Release No. 2006-008, *Amendments to Board Rules Relating to Inspections*, PCAOB Rulemaking Docket Matter No. 022 (the "Release").

We support the PCAOB's Release and believe that it represents a prudent step towards appropriately allocating inspection resources and efforts in a measured way for the long term. The process of implementing the registration and inspection requirements of the Sarbanes-Oxley Act of 2002 (the "Act") in such a short period of time was a tremendous undertaking, and we realize that it is both responsible and appropriate that the Board take steps to normalize the inspection process now that the Board has gained greater familiarity with the patterns of registration and inspection. In particular, to the extent that cyclical variations could impede the proper functioning of the inspections process, we support the Board's efforts to regulate those cycles, especially as to registered public accounting firms that do not regularly issue audit reports for issuers. As it is important that each firm be examined with a similar degree of thoroughness and care, we commend the Board for taking conscious efforts to ensure that the number of inspections and the size of firms inspected are balanced from year to year, avoiding difficult fluctuations in either the extent of inspection or the staffing levels of the Board.

Indeed, we believe the goal that this rulemaking seeks to achieve – the addition of inspection scheduling flexibility that permits improved management of resources and inspection demands – is sufficiently important that the Board should consider making the rule change permanent, particularly because the Board has determined that the rule will optimize the use of its inspection resources (see Release, at A-3 to A-5). Benefits from permanency will accrue to all stakeholders: the Board will have the ongoing ability to make its inspection process more consistent, permitting the Board to maintain a stable cadre of inspectors, each with a well-planned workload, while investors and accounting firms will benefit from the consistency of inspections that are the result of a fixed, permanent system that is evenly administered.

In the Release, the Board states that it is considering whether it is the best use of the Board's resources for the Board to continue to conduct "regular periodic inspection of firms that play a substantial role but do not issue audit reports" (see Release, at A-5 and A-6). Consistent with the Act, we urge the Board, in its further consideration of amendments to this Rule, to provide that "substantial role" firms are not subject to the Board's periodic inspection requirement. By doing so, the Board can focus its inspection assets on the firms issuing audit reports. Further, we recommend that the Board consider requiring firms that have changed or will change their classification (e.g., from issuing audit reports to playing a substantial role only) to notify the Board so that it can modify its inspection schedule as appropriate.

Finally, on a related topic, we believe that appropriate and effective cooperation with the regulatory agencies of other countries can result in even further benefits to the Board's inspection process, accounting firms, and investors. The Board already possesses the authority, under PCAOB Rules 4011 and 4012, to rely on inspections of foreign-registered accounting firms made by non-U.S. regulatory authorities. The Board must examine these foreign inspection regimes to assess whether they meet U.S. standards; consequently, the Board can have confidence that these foreign inspections are reliable and are acceptable alternatives for a Board inspection. We urge the Board to actively make use of this option. We believe the redundancy of multiple inspections will cause confusion to investors and burden firms with devoting resources to meet the needs of multiple inspectors rather than focusing efforts on performing quality audits. In doing so, the Board would be freed to focus its resources on U.S.-registered firms where the Board bears the primary regulatory responsibility. To the extent that mutual cooperation can be achieved between the Board and non-U.S. regulatory authorities, this may also eliminate redundancy of oversight over U.S. public accounting firms by non-U.S. regulatory authorities.

****

We appreciate this opportunity to comment, and would be pleased to discuss our letter with you further. If you have any questions or would like to discuss these issues further, please contact Steve Almond at +44 20 7303 5437.

Very truly yours,

/s/ Deloitte Touche Tohmatsu

cc: Mark W. Olson, Chairman of the PCAOB
Kayla J. Gillan, Member
Daniel L. Goelzer, Member
Bill Gradison, Member
Charles D. Niemeier, Member