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August 12, 2004

Jonathan G. Katz
Office of the Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549-0609

Re: File No. PCAOB-2004-04

PCAOB Rules Relating to the Oversight of Non-U.S. Public Accounting Firms

Dear Mr. Katz:

The member firms of Deloitte Touche Tohmatsu (“DTT”) are pleased to respond to the request for comments from the Securities and Exchange Commission (the “SEC” or the “Commission”) regarding the filing by the Public Company Accounting Oversight Board (the “PCAOB” or the “Board”) of its *Final Rules Relating to the Oversight of Non-U.S. Public Accounting Firms*, PCAOB Rulemaking Docket Matter No. 013 (the “Rules”).

We recognize the efforts of the PCAOB in analyzing and addressing the numerous comments that were received in the initial comment process. We believe the modifications made to the Rules will enhance the approach toward mutual cooperation on an international level in the oversight of public accounting firms. In addition, we applaud the Board’s efforts to date to engage non-U.S. regulators in discussions regarding mutual cooperation, and in particular the concerns raised by potential conflicts with non-U.S. laws, and we strongly encourage the PCAOB to continue such discussions.

We also believe that further clarification is warranted regarding the PCAOB’s involvement in inspections where it has indicated that it will rely on the inspection process of a non-U.S. regulator and regarding the new rules governing the Board’s involvement in inspections and investigations conducted by non-U.S. regulators. We discuss these matters in more detail below.

PCAOB Involvement In Inspections Where Relying On A Non-U.S. Regulator

The Section-by-Section Analysis of the Rules indicates that the PCAOB anticipates that a Board-designated expert in U.S. accounting and professional standards will need to participate in all inspections, even where the Board has determined that it is appropriate to rely on the oversight system of a non-U.S. jurisdiction. Because of the recurring problems associated with conflicts with non-U.S. laws, which we discussed in greater detail in our January 26, 2004 comment letter to the Board, we are concerned that in many instances such an expert would not have full access to audit workpapers. Notwithstanding such limitations, it is still possible that the Board might wish to prepare a separate inspection report concerning the work of the non-U.S. regulator and the work of the expert and we discourage such duplication. In this

regard, we encourage the Board to gain experience in working with non-U.S. regulators and in reviewing their inspection reports before requiring that a Board-designated expert participate in each inspection. We believe this will allow for more efficient allocation of global oversight resources and will foster a system of mutual cooperation.

PCAOB Involvement In Inspections and Investigations On Behalf Of Non-U.S. Regulators

New Rules 6001 and 6002 provide that the Board may, as it deems appropriate, assist non-U.S. regulators in the inspection or investigation of a registered public accounting firm organized and operating under the laws of the United States. We support the inclusion of a provision in the Rules that is intended to enhance mutual cooperation. Nevertheless, we are concerned that Rules 6001 and 6002 as currently drafted would give the Board the authority to provide assistance to non-U.S. regulators in a manner that could be inconsistent with the Board's authority under the Sarbanes-Oxley Act of 2002 and its own inspection and investigation rules. In addition, it is not clear whether the procedural protections embodied in the Board's inspection and investigation rules would be applicable in those instances where the Board is providing assistance under Rule 6001 or 6002. Therefore, we urge the Board to clarify in both Rules 6001 and 6002 that any assistance provided to non-U.S. regulators will be in accordance with the Sarbanes-Oxley Act and the Board's own inspection and investigation rules.

We appreciate the opportunity to comment, and would be pleased to discuss these issues with you further. If you have any questions or would like to discuss these issues further, please contact P. Nicholas Fraser at (212) 492-4118.

Very truly yours,

/s/ Deloitte Touche Tohmatsu

cc: Chairman William H. Donaldson
Commissioner Cynthia A. Glassman
Commissioner Harvey J. Goldschmid
Commissioner Paul S. Atkins
Commissioner Roel C. Campos

William J. McDonough, Chairman of the PCAOB
Kayla J. Gillan, Member
Daniel L. Goelzer, Member
Bill Gradison, Member
Charles D. Niemeier, Member