

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

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In the Matter of ) PCAOB Release No.104-2013-191  
Deloitte & Touche LLP's )  
Quality Control Remediation )  
Submission )  
)  
) November 21, 2013  
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**I.**

The Public Company Accounting Oversight Board ("Board" or "PCAOB") has evaluated the submission of Deloitte & Touche LLP ("the Firm") pursuant to PCAOB Rule 4009(a) for the remediation period ended April 16, 2010, concerning the Firm's efforts to address certain quality control criticisms included in the nonpublic portions of the Board's April 16, 2009 inspection report on the Firm ("the Report"). The Board has determined that as of April 16, 2010, the Firm had not addressed certain criticisms in the Report to the Board's satisfaction. Accordingly, pursuant to Section 104(g)(2) of the Sarbanes-Oxley Act of 2002 ("the Act") and PCAOB Rule 4009(d), the Board is making public the portions of the Report that deal with those criticisms.<sup>1/</sup>

The Firm has notified the Board that it will not seek Securities and Exchange Commission review of the determination, which the Firm has a right to do under the Act and Commission rules. The Firm has requested that a related statement by the Firm be attached as an Appendix to this release, and the Board has granted that request. By allowing the Firm's statement to be attached as an

<sup>1/</sup> Those portions of the Report are now included in the version of the Report that is publicly available on the Board's web site. Observations in Board inspection reports are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability.

Appendix to this release, however, the Board is not endorsing, confirming, or adopting as the Board's view any element of the Firm's statement.<sup>2/</sup>

## II.

The quality control remediation process is central to the Board's efforts to cause firms to improve the quality of their audits and thereby better protect investors. The Board therefore takes very seriously the importance of firms making sufficient progress on quality control issues identified in an inspection report in the 12 months following the report. Particularly with the largest firms, which are inspected annually, the Board devotes considerable time and resources to critically evaluating whether the firm did in fact make sufficient progress in that period. The Board makes the relevant criticisms public when a firm has failed to do so to the Board's satisfaction.

It is not unusual for an inspection report to include nonpublic criticisms of several aspects of a firm's system of quality control. Any Board judgment that results in later public disclosure is a judgment about whether the firm made sufficient effort and progress to address the particular criticisms articulated in the report on that firm in the 12 months immediately following the report date. It is not a broad judgment about the effectiveness of a firm's system of quality control compared to those of other firms, and it does not signify anything about the merits of any additional efforts a firm may have made to address the criticisms after the 12-month period.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

November 21, 2013

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<sup>2/</sup> Consistent with the Act, the Board does not make public statements indicating that it has determined that any firm has satisfactorily addressed all of the criticisms in an inspection report. In connection with any such Board determination, however, the Board notifies a firm that nothing prohibits a firm from publicly disclosing the determination. The Board also notifies a firm that the determination is not a determination that a firm has completely and permanently cured any particular quality control defect, is not a general endorsement of any aspect of a firm's quality control system, and does not foreclose additional criticism on the same or related points in subsequent Board inspections of a firm.



**Statement of Deloitte & Touche LLP on the PCAOB's November 21, 2013,  
Release No. 104-2013-191**

We hold ourselves to very high standards, and take seriously the important public interest role entrusted to us. In order to continuously raise the bar on audit quality, in recent years we have made substantial, comprehensive investments in our audit practice. Through a combination of these investments, the diligence and dedication of our partners and professionals, and constructive engagement with our regulators, we have made significant progress toward the achievement of our audit quality objectives.

Recently, the PCAOB informed us that it has made final determinations with respect to the remedial actions we took in response to Part II of our 2008, 2009, and 2010 annual PCAOB inspection reports.

**Resolution of 2008**

The PCAOB concluded that the actions we took prior to the April 16, 2010 remediation deadline for the 2008 inspection report were not sufficient to address five of the quality control criticisms in Part II of that report. Accordingly, the PCAOB has made public portions of the 2008 Part II. While we did take numerous good faith remedial actions within the 12-month period (April 2009 through April 2010) following the issuance of the 2008 report, we recognize additional remedial actions were necessary and were subsequently taken in order to be fully responsive to the matters identified in the 2008 Part II.

**Resolution of 2009 and 2010**

We are pleased that the PCAOB has determined that the remedial actions we took in response to Part II of our 2009 and 2010 inspection reports addressed the quality control criticisms in those reports to the Board's satisfaction. These determinations close the inspection cycles for 2009 and 2010. We believe the PCAOB's determinations concerning our remediation of the quality control criticisms contained in Part II of our 2009 and 2010 inspection reports are reflective of the significant progress we have made toward the achievement of our audit quality objectives in more recent years.

**Looking Forward**

High audit quality remains our number one priority. We are experiencing a positive trajectory as demonstrated by the decline in the number of deficiencies cited in Part I of our 2012 inspection report. As we look forward, we will continue to institutionalize the audit process enhancements we have made throughout our system of quality control to ensure that they endure. We also will continually challenge ourselves to drive continuous improvement in audit quality. We look forward to continuing our constructive engagement with the PCAOB Board Members and the inspection staff, audit committees, and other stakeholders in pursuit of further enhancing the quality of our audits.

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Sincerely,

Joe Echevarria  
Chief Executive Officer  
Deloitte LLP

Greg Weaver  
Chief Executive Officer  
Deloitte & Touche LLP