

February 9, 2011

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

**RE: PCAOB Rulemaking Docket Matter No. 032**

Dear Office of the Secretary:

McGladrey & Pullen, LLP appreciates the opportunity to comment on the PCAOB's *Proposed Temporary Rule for an Interim Program of Inspection Related to Audits of Brokers and Dealers*. McGladrey & Pullen is a registered public accounting firm serving middle-market issuers, brokers, and dealers. We support the PCAOB's efforts to assess registered public accounting firms' current compliance with laws, rules, and standards in performing audits with respect to brokers and dealers. We do, however, have the following comments, which we believe would help clarify certain sections of the proposed rule and enhance its application in practice.

*Interim Program of Inspection – Receiving and Addressing PCAOB Comments*

Page 9 of the Release accompanying proposed temporary Rule 4020T, *Interim Inspection Program Related to Audits of Brokers and Dealers*, states that the Board will bring identified audit deficiencies "to the firm's attention with the expectation that the firm will address the deficiencies and take steps to avoid future deficiencies." Although there is a reference to the draft inspection report in Footnote 10 of the Release, the Board has not included Rule 4007, *Procedures Concerning Draft Inspection Reports*, as being applicable to the interim inspection program under proposed temporary Rule 4020T. The wording in Rule 4020T as proposed in the appendix to the Release is silent as to any provisions for issuance of a draft inspection report or procedures to allow a firm to respond to inspection findings during the interim inspection period. We recommend that the Board articulate in Rule 4020T how it intends to communicate identified audit deficiencies throughout the interim inspection period and what the Board's expectations are for the firm in responding to deficiencies noted.

*Reporting – Incorporation of Interim Inspection Findings in Firm-specific Inspection Reports*

Footnote 21 in the Release states that a Board inspection of a firm that performs audit work for issuers and for brokers and dealers would include the "full, regular inspection – including the firm-specific inspection report – of the firm's issuer practice." The footnote also states that although the Board "would not expect" to incorporate inspection findings specific to brokers and dealers in the public portion of a firm-specific report before a permanent rule takes effect, there is nothing in the temporary rule to preclude this. These statements result in a lack of clarity as to whether the Board would incorporate inspection findings specific to brokers and dealers in the public portion of a firm-specific report before a permanent rule takes effect. Also, it is not clear why public disclosure of firm-specific inspection findings during the interim period could be appropriate given that (a) the SEC's standards and the professional standards are anticipated to be amended and/or replaced over the three-year interim inspection period, and (b) such reporting would not serve the two stated principal purposes of the proposed rule – to allow the Board to assess current compliance with laws, rules, and standards in performing audits with respect to brokers

and dealers, and to inform the Board's decision about significant elements of a permanent inspection program. We urge the Board to state in the "Reporting" section of Rule 4020T under which circumstances it would incorporate interim inspection findings in firm-specific inspection reports.

Reporting – Initial Firm-specific Inspection Reports After Permanent Inspection Program Takes Effect

It is not clear whether the initial firm-specific reports issued after the rules for a permanent program take effect will include inspection comments on a cumulative basis over the three years of the interim inspection program. If comments are cumulative, inspection deficiencies related to standards that have been amended and are no longer relevant could be included. Also, cumulative reporting would result in significant reporting time lags, including the potential for reporting of inspection findings that have been satisfactorily addressed subsequent to the interim inspection. Public disclosure of inspection deficiencies related to outdated standards or deficiencies that have already been satisfactorily addressed could be misleading to the public. We encourage the Board to clarify its intentions regarding the nature of what will be communicated in the initial firm-specific public report after the permanent program takes effect.

We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to Scott Pohlman (952.921.7734) or Bruce Webb (515.281.9240).

Sincerely,

A handwritten signature in cursive script that reads "McGladrey & Pullen, LLP".

McGladrey & Pullen, LLP