Deloitte.

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112
USA
https://www.deloitte.com

July 9, 2026

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 057

We appreciate the opportunity to respond to the supplemental request for comment from the Public Company Accounting Oversight Board (the "PCAOB") on PCAOB Release No. 2026-002, *Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, and Related Rule and Forms* (the "Supplemental SRC" or the "Release"). We also want to acknowledge the PCAOB's implementation support efforts during the implementation period, through which PCAOB staff gained an understanding of implementation challenges and questions regarding the requirements of QC 1000. We believe the proposed amendments reflect the insights gained through those efforts and demonstrate the PCAOB's commitment to ensuring QC 1000 establishes appropriately rigorous requirements for audit firms' systems of quality control in a manner that does not impose costs beyond what is necessary.

We support the modernization of PCAOB standards and have been actively engaged with the PCAOB throughout the development and implementation of QC 1000. We also broadly support the proposed targeted amendments, which we believe appropriately respond to implementation challenges identified since QC 1000 was adopted and, as the PCAOB noted in the Release, address requirements that may impose costs beyond what is necessary to achieve its regulatory goals. The proposed amendments address several provisions that, in our view, imposed significant operational complexity, diverged unnecessarily from other quality management standards, and risked producing consequences that were contrary to the audit quality objectives the standard is designed to achieve. We are supportive of the PCAOB's approach in targeting these specific areas while preserving the core framework and investor-protection objectives of QC 1000.

The following reflects our perspectives on each of the proposed amendments.

Roles and Responsibilities

We support the proposed amendments to paragraph .12 that would permit specified roles and responsibilities to be assigned to non-firm personnel and divided among multiple individuals. Two aspects of the current requirements create particular challenges in practice.

First, QC 1000 currently mandates that a single individual serve as both ethics and independence leader, combining responsibility for two important and distinct areas of oversight. Ethics and independence are

disciplines that benefit from the dedicated focus of individuals with different skills and areas of expertise, and in both U.S. and non-U.S. firm structures, these roles have intentionally been assigned to different individuals to drive the highest quality outcome. The proposed amendment, which would allow these responsibilities to be held by separate individuals, better reflects how firms are organized in practice and enables each area to receive the dedicated, specialized focus it warrants and helps firms achieve the distinct objectives for each area.

Second, the current requirement in paragraph .12 that individuals in specified roles be "firm personnel" who "function as employees" does not account for clustered firm structures that are common among non-U.S. member firms within a global network, in which a single individual serves in a leadership role such as monitoring leader or independence leader across multiple registered firms in that network. These cluster structures were established, in part, to allow the sharing of resources with specialized skills, including with respect to PCAOB audits, in a manner that drives consistent audit quality. The proposed amendment, by allowing firms to designate individuals serving across registered firms within a network in paragraph .12 roles, enables firms to place the most experienced and qualified individuals in those positions which is accretive to audit quality.

External Quality Control Function

We support the proposed rescission of the External Quality Control Function ("EQCF") requirement. Most large firms already have robust structures and processes in place to obtain external input on audit quality and governance, including external advisory councils. These firm-led structures, combined with the independent oversight provided by PCAOB inspections and peer reviews, provide meaningful outside perspectives on the design and operation of firms' quality control systems.

The prescriptive EQCF requirements as written in QC 1000 go beyond what the original proposed standard suggested would satisfy the PCAOB's objective of firms obtaining independent external perspectives on system of quality control matters and have created practical challenges. While the original QC 1000 adopting release stated that costs would be mitigated for larger firms, because each has existing outside input, we have determined that our existing external advisory council structure does not satisfy the requirements of the final standard. The size and complexity of a large firm's system of quality control means that individuals serving in part-time external roles will inevitably face practical constraints on the depth of engagement they can achieve, which in turn limits the incremental value such a function can provide beyond the oversight already available through existing channels. Moreover, treating EQCF members as Other Participants and Associated Persons imposes substantial additional costs, including the provision of liability insurance. Given the meaningful oversight already provided through existing channels, the incremental benefit of a separately constituted EQCF with the current prescriptive responsibilities is not apparent. Rescinding the EQCF requirement would allow firms to continue leveraging and evolving their existing external governance structures in a manner best suited to their organizational context, while continuing to support audit quality and maintaining the substantive outside input that the EQCF was intended to promote.

Evaluation Date

We support the proposed amendment that would allow firms to select their own annual QC system evaluation date rather than the prescribed September 30 date. The fixed evaluation date for all firms does not account for the reality that firms may have adopted different evaluation dates under other quality management standards for operational and regulatory reasons.

As a concrete example, EU transparency report regulations require EU registered firms to include an evaluation of their system of quality management in their annual transparency report within four months of their fiscal year end, which for our network firms is primarily May 31. The September 30 evaluation date in QC 1000 is therefore inconsistent with those regulatory requirements, resulting in the need to support two separate evaluation cycles within a twelve-month period. The practical costs of that duplication are significant: QC monitoring testing and reporting must be performed twice; network monitoring and reporting related to network services is required to support both evaluations; and evaluation and assessment effort is effectively doubled, while the benefit to audit quality of the prescribed September 30 date is not apparent. Allowing firms to align their QC evaluation cycle with their existing operational and regulatory reporting calendar would eliminate this duplication, reduce costs, and support a more integrated evaluation process.

QC Deficiency Definition

We support the proposed revisions to the definition of QC deficiency and the related changes to the evaluation framework. A firm's system of quality control is designed to address quality risks through a combination of quality responses, and it is appropriate to consider those responses holistically rather than evaluating each in isolation. The proposed amendment allowing firms to take compensating quality responses into account when determining whether a QC deficiency exists better reflects how a risk-based system of quality control operates in practice.

We are supportive of the proposed amendments to paragraph .68 and believe certain aspects of its application would benefit from practical implementation guidance. With respect to paragraph .68d, we believe the nature and extent of the procedures required to evaluate whether similar engagement deficiencies exist should be more explicitly grounded in the root cause of the engagement deficiency identified and an assessment of whether that root cause suggests a potential QC deficiency. An evaluation anchored to root cause would provide a more meaningful and risk-based framework for determining the scope of further procedures. Practical implementation guidance, including examples, would be particularly valuable in helping firms apply the amended requirements of paragraph .68d in a consistent and practical manner.

We also note that the example in the Release referencing cash confirmations would benefit from clarification as to the nature of the underlying engagement deficiency. As currently written, it is not clear whether the engagement deficiency is the failure to perform confirmation procedures or some other circumstance, and the example as described may be read as inconsistent with the requirements of AS 2310 *The Auditor's Use of Confirmation* with respect to non-significant accounts. Additional clarity would help ensure the example effectively illustrates the concept intended without creating confusion about the interaction with existing confirmation standards.

Evaluation Framework

We support the proposed alignment of QC 1000 evaluation conclusions more closely with those in other quality management standards which we believe would meaningfully reduce the complexity of managing evaluations under two differing frameworks and potential confusion to stakeholders. Under the current standard, differences in conclusion types and definitions between QC 1000 and other quality management standards create challenges whereby different conclusions could be reached under the same set of circumstances. For example, firms subject to public disclosure requirements in other jurisdictions are required to include an evaluation of their system of quality management under other quality management standards in their annual transparency reports, which are public documents. Where the conclusions under QC 1000 and other quality management standards differ under the same set of circumstances,

there is a risk that the disclosure of the firm's evaluation conclusion under other quality management standards could be considered misleading and if a firm voluntarily chose to disclose the results of its assessment under QC 1000 as well as the other standard, to the extent those differed, it could be confusing to stakeholders. The proposed amendment, while retaining a structured evaluation process and preserving the reporting of unremediated deficiencies through Form QC, directly addresses this risk.

Documentation Requirements

We are supportive of the proposed simplification of the documentation requirements, including the reduction of the retention period from seven to five years. Given the breadth and volume of documentation required to be retained pursuant to QC 1000 the cost of retaining that information is substantial and the proposed reduction to five years helps alleviate a portion of that cost burden. To the extent a shorter period would not impede the Board's ability to execute its responsibilities, including inspections, we would welcome further consideration of a period shorter than five years as a means of reducing compliance costs.

At the same time, we note that practical questions around the application of the documentation requirements remain, and we believe that appropriately detailed implementation guidance from the PCAOB will be important to help firms apply the requirements in a manner proportionate to the nature and complexity of their QC systems. Specific topics where practical implementation guidance would be particularly helpful include the expectations as to how the "experienced auditor" concept included in QC 1000 translates to documentation about a firm's QC system. That concept is borrowed from the documentation standards for individual audit engagements, where it is anchored to the execution of audit procedures in accordance with professional standards and related firm methodologies. There is opportunity to clarify how that concept is meant to translate to QC system documentation, which is focused on the design, implementation, operation, and monitoring of firm-wide policies and procedures rather than the performance of individual audit procedures. In addition, the required retention of evidence of response operation creates practical challenges, particularly for automated responses that may operate at a high frequency and may not generate evidence in a readily retainable format, requiring manual or custom exports and screenshots. We believe these remaining interpretative and application questions can be addressed through implementation guidance, which may include frameworks or examples to ensure all stakeholders have a common understanding of how to apply the documentation requirements of QC 1000 in a variety of circumstances.

Information and Communication

We support the proposed amendment to paragraph .53e, which limits the requirement to disclose how a metric was calculated to those metrics shared publicly. We continue to believe that implementation guidance on the broader application of paragraph .53e would be beneficial to the profession. We encourage the PCAOB to consider providing a framework with examples illustrating how firms may design procedures to ensure the accuracy of communicated metrics in a manner proportionate to the nature, significance, and breadth of distribution of the metric. Such guidance would help firms apply the requirement consistently and in a manner that is appropriately calibrated to the metrics of greatest significance.

Rescission of the Design-Only Requirement

We are supportive of the proposed rescission of the design-only requirement, which currently applies to firms registered with the PCAOB that are not required to comply with applicable professional and legal requirements with respect to any PCAOB engagement. We agree that limiting QC 1000's requirements to

firms actively conducting PCAOB engagements is a reasonable and proportionate approach, consistent with the PCAOB's investor protection mandate.

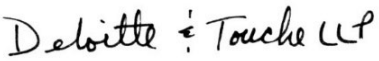
Implementation Guidance

We believe the PCAOB's issuance of implementation guidance will be critical to ensure consistent and effective application of QC 1000. As part of its implementation support efforts, PCAOB staff engaged with firms to address questions and provide perspectives on the requirements of QC 1000. Formalizing the perspectives developed through those efforts into written implementation guidance would extend the benefit of that work to all stakeholders and ensure that the PCAOB's views on the application of the standard are consistently understood and applied across the profession. More broadly, there are a number of areas where we believe implementation guidance would help firms apply the requirements consistently, including the application of the 'experienced auditor' concept to QC system documentation, the design of procedures related to communicated metrics under paragraph .53e, the evaluation of similar engagement deficiencies under paragraph .68d, and the application of paragraph .33e with respect to affiliates of the firm. In addition, we welcome the PCAOB's new consultation process within the Office of the Chief Auditor and look forward to engaging through that process as appropriate.

***

We would be happy to discuss any of the points in our letter. If you have any questions or would like to discuss our views further, please contact Laura McCracken at (212) 653-5738 or Wyndham Smith at (469) 417-2209.

Yours sincerely,



Deloitte & Touche LLP