

February 26, 2007

Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: File Number S7-24-06; Management's Report on Internal Control over Financial Reporting**

Dear Ms. Morris:

One of the important deterrents to fraud and financial errors is the tone at the top or company culture. While this tone was evaluated as part of the assessment of internal controls, more weight was given to actual documentation, because it can be more easily tested by auditors. Although the tone at the top is indirectly related to the companies financial reporting and may not, by itself, be effective at preventing or detecting a misstatement in financial reporting. I believe that tone from the top should be given more significance in the evaluation of internal control by the auditors.

When considering the tone at the top within various organizations a wide array of attitudes may present themselves. On one end of the spectrum an organization may present a true desire to enforce internal controls, while another may have such an extreme attitude of "I don't care what it takes just get this over with" These tones trickle down throughout the organization affecting the entire organizations attitude towards Sarbanes-Oxley. If corporate management does not view Sarbanes-Oxley compliance as a value added process, then that tone will emerge everywhere in the company.

This tone at the top concept has been seen in a negative light lately with reference to large companies. The news has been riddled with reports on Enron and WorldCom. This is a prime example that internal controls are needed to prevent fraud at the highest corporate levels. However, very little within the Sarbanes-Oxley 404 compliance work being done this year will prevent fraud initiated by top corporate management. This is because the majority of internal controls focus on processes conducted by mid-to-lower level employees. While these controls may identify skimming and other types of fraud perpetrated at these levels they are not designed to prevent system manipulation. If there is one thing we have learned from all of the corporate scandals, bankruptcies and restatements it is that the vast majority of corporate frauds are carried out at the highest levels.

Although the tone at the top is indirectly related to the companies financial reporting and may not, by itself, be effective at preventing or detecting a misstatement in financial reporting. I believe that tone from the top should be given more significance in the evaluation of internal control by the auditors. Auditors need to closely examine the powers held by the corporate management and make sure internal controls are put in place to diminish the risk of manipulation of these powers.

Sincerely,

Cal Nitka  
Accounting and Information Systems Major  
University of Wisconsin - La Crosse