

V. Outsiders' Perspective on the Effects of Section 404: Discussion of In-Depth Interviews with External Users of Financial Statements and Independent Auditors

a. Objective, Broad Scope, and Subjects of the In-Depth Interviews

Section 404 requirements were intended to *directly* improve the quality of the information produced by companies' financial reports. Investors—not management—are the intended primary beneficiaries of Section 404. If compliance with Section 404 leads to improvements in financial reporting quality that are valued by users of financial statements from outside the corporation, this could reduce the cost of capital. If the resulting benefits outweigh the cost of compliance, the improvements in financial reporting quality could ultimately enhance value—for instance, by allowing filers to access capital markets at more convenient terms or by improving the depth (i.e., liquidity) of securities markets.

As discussed in Section IV.b, the evidence from the Web survey indicates that, to a large extent, companies experience direct beneficial effects of complying with Section 404 requirements, supporting the notion that Section 404's implementation has typically been effective in that regard. Nonetheless, the evidence suggests that survey participants do not perceive the direct improvements in the reporting process to affect the companies' dealings with capital market participants. For instance, respondents recognize virtually no effect from Section 404 implementation on companies' cost of capital or the ease with which they access capital markets. As previously discussed, however, the evidence on the indirect effects of Section 404 may be biased if the respondents' perceptions or their representations of those perceptions are biased. While a determination of the source and extent of these biases is beyond the scope of this study, it is important that the analysis identifies the benefits of compliance with Section 404. To obtain a broader and more complete assessment of the effects of Section 404 on capital market participants, the staff of the SEC's Office of the Chief Accountant ("OCA") conducted in-depth interviews with individuals representing a variety of external users of financial statements.

Under the rules of Section 404(b), companies are required to undergo and disclose the results of an annual independent audit of ICFR. One of the objectives of this study is to evaluate whether the auditor attestation requirement among Section 404(b) companies is being implemented in a manner that may be cost-effective for smaller reporting companies, which were not required to comply with this requirement to date. Therefore, recognizing that compliance with Section 404(b) requires the involvement and efforts of agents outside the corporation (i.e., independent auditors), following the previous logic, we determined that it would be valuable to complement the analysis

of public companies' survey responses with an assessment of the views of independent auditors about Section 404's compliance process and how the latter may have been affected by the SEC's and PCAOB's 2007 reforms.

To allow this supplemental analysis, the OCA staff conducted in-depth phone interviews with external users of financial statements as well as independent auditors.⁸⁰ In particular, various organizations were contacted to assist in the identification and solicitation of interview participants. Based on the willingness of the parties invited to participate in the interview, a sample of 30 individuals representing investors and other external financial statement users was selected. Following is the list of users of financial statements interviewed and a broad description of the scope of the interviews:

- *Investors* – Eight individuals from five investors were interviewed to assess whether and how information on ICFR is used in making investment decisions. The interviews focused on the impact of the Section 404 reporting requirements on the decision to add or liquidate securities of the respective companies to/from their investment portfolios. These individuals were primarily employees of institutional investors representing both fixed-income and equity investors and covered a range of strategies, industries, and company sizes (although none invested in non-accelerated filers).
- *Lenders* – Five individuals from two corporate lenders were interviewed to gain insights to assess whether, and how, information on ICFR is used in performing credit analyses and in making lending decisions. These individuals span a wide range of experience, industry focus, and client sizes.
- *Securities Analysts* – Fifteen individuals from six companies providing securities analysis were interviewed in order to assess whether, and how, information on ICFR affects their recommendations. These individuals held a variety of responsibilities, including fixed-income and equity, buy-side and sell-side, domestic and international, and different industries. Although the size of companies covered varied, none covered non-accelerated filers.⁸¹
- *Credit Rating Agencies* – Two individuals from one credit rating agency were interviewed to assess whether and how information on ICFR is used in their credit rating analyses, including how it impacts rating decisions.

⁸⁰ In this section of the report, the expression “external users of financial statements” collectively refers to the groups of investors, lenders, analysts, and credit rating agencies interviewed by the OCA staff.

⁸¹ This is not too surprising, given the analysts' limited coverage of small publicly traded companies.

Finally, OCA staff selected twelve audit firms to interview focusing on the auditors' perspectives concerning the impact of the 2007 reforms on the independent audit of ICFR, as well as the auditors' perceptions about management's assessment of ICFR. The twelve firms selected for interviews included firms of various sizes that provide their services to both accelerated and non-accelerated filers.

It should be noted at the outset that the interviews are not intended to support a statistical analysis and, as such, the interview findings are not statistically comparable with the evidence from the Web survey. Nevertheless, the financial statement end-users' ("users") views on several aspects of Section 404 compliance were fairly homogeneous, suggesting a shared perception of Section 404 implementation. What emerges from the interviews is largely consistent with the survey evidence.

b. Interviews with External Users of Financial Statements

All the interviews with external users of financial statements were structured to cover the following areas and, in all cases, the interviews prompted the users to assess whether the perceived effects of Section 404 compliance depend on the size of the complying company:

- *Use of information provided by internal control disclosures* – This initial portion of each interview was designed to gather information about the user's experience with internal control disclosures required by the Act – specifically, by eliciting a description of the user's use of officer certification and ICFR disclosures required by Sections 302, 404, and 906 of the Sarbanes-Oxley Act.
- *Benefits* – Each interview was designed to gather an assessment of any benefits realized by the user from the company's compliance with the Section 404 requirements. This portion of the interview was structured in two parts:
 - *Questions concerning Management's Assessment – specifically Section 404(a)*: This portion focused on the benefits realized solely from the requirement that management provide an assessment of the effectiveness of ICFR.
 - *Questions concerning the Independent Audit of ICFR – specifically Section 404(b)*: This portion focused on the incremental benefits realized from the requirement for an auditor to express an opinion on the effectiveness of ICFR.

- *Changes since initial Section 404 implementation* – This portion explored the effects of the availability of ICFR disclosures on the users’ decision-making processes and whether these have changed since the initial implementation of Section 404.
- *Costs* – Although users generally would not be expected to have direct insight into companies’ costs of compliance, they were solicited to provide their perceptions about the costs of complying with Section 404 requirements.⁸²

External users of financial statements depend on financial reports that are of high quality and reliable to effectively fulfill their job responsibilities. Although the users’ backgrounds vary widely, overall, they expressed a general support for measures that enhance the reliability of financial reporting and, thus, improve capital market conditions, asserting that the requirements of Section 404 are consistent with these objectives.

Before providing a more detailed discussion of the interviews, it is useful to describe the users’ typical frame of reference to help interpret their views. First, as part of their daily responsibilities as a group, the users’ primary focus seemed to be on larger companies (i.e., large accelerated filers and accelerated filers). Second, given their focus on large companies and because these companies tend to have complied with both Sections 404(a) and 404(b) since the initial implementation of these requirements, the vast majority of users expressed difficulty in separating the impact of Section 404(a) from that of Section 404(b) compliance. Nonetheless, some participants suggested the auditors’ attestation to be a crucial part of Section 404 requirements given the auditors’ expertise and independence in the evaluation of ICFR. Third, consistent with the declining number of accelerated filers reporting ineffective ICFR since the initial implementation of Section 404, the users typically indicated that they have come to expect all companies they track to have effective ICFR. Given this expectation, as well as the nature of the disclosures when no material weaknesses are disclosed, users generally reported spending minimal time reviewing the disclosures when they reveal companies to have effective ICFR. The majority of users, however, indicated that the requirement to evaluate ICFR has significantly impacted their confidence in companies’ financial reports. Fourth, users generally indicated that their use of ICFR disclosures has not changed since the initial implementation of Section 404. That is, although ICFR disclosures were examined more intently during the initial years of Section 404 implementation because of a lack of familiarity with its requirements, the users generally asserted that the impact of the information that these disclosures provide has not

⁸² For instance, participants were asked about whether the compliance costs are an appropriate use of resources, and their perceptions of how the costs compare to the realized benefits.

changed, including after the 2007 reforms. Finally, the users generally indicated that they could not provide direct insights into the cost of Section 404 compliance. With these caveats in mind, the remaining portion of this section summarizes and discusses the users' views on the dimensions described earlier.

Many user interviews indicated that the Section 404 compliance produces benefits that are inherently hard to quantify. One of the most commonly cited reasons for this difficulty is that Section 404 implementation is not the only change and improvement to financial reporting in recent years. Most notably, the Act introduced other reforms aimed at improving the quality of financial reports—this includes Section 301 of the Act, which requires audit committee members to be independent. In discussing the benefits recognized by the users, however, four observations tended to be recurrent:

1. Users generally perceive compliance with both Section 404(a) and Section 404(b) to have a positive impact on their confidence in companies' financial reports.
2. Users generally perceive ICFR disclosures, especially those concerning material weaknesses to be beneficial.
3. Users generally do not believe that the benefits of Section 404 compliance vary with the size of the company.
4. Users generally do not believe that the realized benefits of Section 404 have changed since its initial implementation.

1) Confidence in Financial Reports

Most users asserted that the separate annual evaluations of the effectiveness of ICFR by both management and auditors increase their level of confidence in the quality and reliability of companies' financial reports for a number of reasons.⁸³ The users typically believe that Section 404 compliance causes management to devote more resources to having a disciplined financial reporting process. Specifically, the users generally believe the requirements of Section 404 cause management to: a) better understand financial reporting risks; b) put in place appropriate controls to address financial reporting risks; and c) address internal control deficiencies in a more timely fashion (than might be the case absent the disclosure requirements). While some users believe

⁸³ The terms "few," "some," "many," or "a majority of/generally/in general" are used throughout to indicate approximately 0-10 percent, 10-30 percent, 30-50 percent, or more than 50 percent, respectively, of participants in the interviews for the specified group.

that Section 404 requirements improve management’s ability to identify and address areas that pose risks related to fraud, most participants did not perceive these requirements to have significantly improved the company’s ability to prevent or detect fraud.⁸⁴

2) *Internal Control Disclosures*

The typical view among users is that disclosures of material weaknesses pursuant to Section 404 have an impact on the user’s decision-making process. With regard to this aspect, the users generally view Section 404 requirements as being particularly beneficial because, when ICFR is effective, the associated disclosures provide evidence of potential financial reporting problems in a standardized way that is simple to analyze and, when ICFR is ineffective, the associated disclosures allow users easily to identify evidence of potential financial reporting problems. Moreover, some users find disclosures of material weaknesses to be helpful in highlighting areas of potential risk and, when combined with the discussion of planned remediation, to provide a useful perspective on the impact the weaknesses could have on the reliability of a company’s financial reporting.

Nonetheless, there appears to be notable heterogeneity in how, and the extent, to which disclosures of material weaknesses affect financial statement users’ decision-making processes. Some consider the existence of a material weakness to be a sufficiently serious risk factor to make it a binary (pass/fail) input into the decision-making process.⁸⁵ A majority of users interviewed, however, described evaluating material weaknesses based on their severity and find their effect on the decision-making process to depend on those considerations. On the one hand, users in this second group typically perceive material weaknesses that are narrow in scope and related to a single area of financial reporting as less severe, because these weaknesses are anticipated to be corrected within a year. On the other hand, the same users indicated that material weaknesses that are more pervasive, related to a company’s key metrics, and/or related to a company’s “tone at the top” are generally viewed as more severe. These users stated that the more severe weaknesses are likely to negatively affect their decision-making because they are expected to take multiple years to remediate.

Regardless of how each individual user uses Section 404 disclosures, there is a consensus that material weaknesses represent “red flags” in that management either is not receiving the

⁸⁴ In obtaining answers to this question, we did not explore the basis for the interviewees’ conclusions relating to fraud detection ability.

⁸⁵ For instance, some users in the investor group indicated they might exclude companies with ineffective ICFR from potential investments due to the resulting lack of confidence in those companies’ financial reports.

information needed to effectively manage and report on its business or is receiving information that is not sufficiently reliable. Consistent with this observation, users report monitoring subsequent filings for evidence of progress in remedying the previously reported material weakness(es) for companies with ineffective ICFR in which the user has a continued interest. In fact, many users indicated that a company's remediation activity and disclosure is often even more important for their decision-making than the initial disclosure of a material weakness.

A few users expressed a desire for a more detailed disclosure than the current "pass/fail" ICFR model provides, indicating that this would allow external users to better differentiate among companies based on the quality of their controls.⁸⁶ Along these lines, some characterized disclosures of material weaknesses as often being too broad, making it difficult to evaluate the nature of the disclosed weaknesses without further discussions with management, which is not always feasible.⁸⁷ A majority underscored that Section 404 disclosures often do not occur at an early enough date and that the existence of material weaknesses is already known at the time of the disclosure because companies tend to report them through other communications, such as earnings calls and restatement announcements.

3) Company Size

Many users did not perceive the benefits of Section 404 compliance to vary with the size of the reporting company—which could mean that as external users they find Section 404 reports equally valuable regardless of the size of the company.⁸⁸ Rather, many indicated that these benefits depend on a company's complexity and industry affiliation. Those that find a company's complexity to be an important factor highlighted that they perceive the risk of material misstatements to be directly dependent on it, but also that the amount of resources devoted to the financial reporting process by complex companies may be higher, regardless of Section 404 requirements. With respect to a company's industry affiliation, many users view the reporting process of companies that operate in certain industries as inherently more opaque and subject to

⁸⁶ However, no specific recommendations were provided on how a practical disclosure system that would accomplish this level of detail could be developed.

⁸⁷ Many of the participants indicated that once a material weakness is identified, they rely on their interaction with management to obtain a more complete understanding of the nature of the material weakness and management's planned remediation activities. However, their access to management and further information from management varied.

⁸⁸ Some users, however, perceive that their benefit from compliance by smaller companies with Section 404 is insufficient to justify the requirements. Their reasoning was that financial reporting is, typically, less complex for small companies and senior management has intimate familiarity with the company's financial reporting. According to these users, the officer certifications required by Sections 302 and 906 of the Act may provide an appropriate level of comfort to users.

risk of misreporting. Some of these users stated that Section 404 requirements are more important in higher risk and/or less transparent industries. Generally, however, the users agreed that variations in compliance requirements based on complexity and/or industry affiliation would likely be impractical.

4) Changes in Benefits over Time

While most users indicated that the benefits they perceive from Section 404 compliance have generally not changed substantially over time, few expressed the opinion that these benefits have decreased since the initial implementation. Users in this latter group stated that a “fresh look benefit” occurred upon initial implementation of the Act when more attention was placed on controls and ICFR improved. Now, they believe, the “fresh look benefit” only applies to situations such as IPOs and major business combinations that implement the requirements of Section 404 for the first time. Nevertheless, the same users indicated that they believe Section 404 requirements should be retained.

In addition to responding to specific questions about the perceived benefits of Section 404 compliance, users provided their views on a variety of other matters pertaining to internal control requirements. The main topics covered include:

1. Whether the costs resulting from Section 404 compliance are an appropriate use of a company’s resources;
2. Whether Section 404 requirements are preventing companies from entering the U.S. capital markets;
3. The role of the independent audit of ICFR.

1) Use of Resources

Notwithstanding their limited direct knowledge about the actual costs of Section 404 compliance, many users perceive these costs to be an appropriate use of a company’s resources. The general sentiment among users is that financial statements must be of high quality and in compliance with generally accepted accounting principles and that companies need effective ICFR to ensure this is the case. Furthermore, users typically do not perceive Section 404 compliance costs to be significant when compared to the costs of a financial reporting failure. This general sentiment notwithstanding, some users indicated that the improvements resulting from Section 404 compliance may not justify the associated costs, especially for the smaller

companies. These users suggested that Section 404 requirements may impose a disproportionate burden on smaller public companies, as does most financial regulation. They also observed that while having effective ICFR is important, the compliance requirements should not cause management to divert its attention from other important areas of their business. However, these participants did not waver from their belief that strong ICFR is equally important for companies of all sizes.

2) Effect on U.S. Capital Markets

Although not a unanimous sentiment, users generally do not appear to believe that the Section 404 requirements discourage companies from entering the U.S. capital markets. Instead, users in this group highlighted other factors that may be causing this trend, including: the growth of non-U.S. markets, litigation risk, taxes, currency, government incentives, and culture. These users generally believe that the blame on Section 404 requirements is a result of companies' frustrations and are not well founded.

3) Independent Audit of ICFR

Although a few users stated otherwise, the general consensus was that the auditor's report on ICFR required under Section 404(b) provides an incremental benefit beyond the management's report required under Section 404(a). Many perceive the audit requirement to provide necessary discipline to the reporting process. Among these users, some highlighted that auditors' involvement benefits investors and users because auditors provide professional expertise in evaluating internal controls and risk their professional reputations by signing audit opinions, both of which are perceived to positively affect the quality of the auditor's assessment of ICFR compared to that of management.⁸⁹ Among the users that did not ascribe incremental benefits to Section 404(b) compliance, the typical view was that the traditional financial statement audit provides them with a greater level of confidence than the auditor's assessment of ICFR.

*c. Interviews with Auditors*⁹⁰

The interviews with auditors focused on:

- Some aspects of the cost of Section 404 compliance;

⁸⁹ These users expressed the view that auditors tend to have a greater breadth of experience in the assessment of internal controls than management because they serve multiple clients.

⁹⁰ Throughout this section, the term "auditors" refers to audit engagement partners.

- Changes in the process underlying management’s assessment and auditor’s attestation of ICFR;
- The impact and usefulness of Management Guidance and AS5 on audits of ICFR.

Most of the interviewed auditors indicated that the process of compliance with Section 404 has become more efficient and less costly since the initial implementation of the requirements in 2004. The primary reasons cited for the improvement included:

- Reduction in the level of effort necessary to satisfy the documentation requirements;
- Improved communications between auditors and management;
- Increased use of professional judgment in scoping and testing;
- More focus on higher risk areas;
- Streamlining of audits subsequent to the first-time effort required by Section 404 compliance.

The most common explanation provided by the auditors relates to a reduction in the level of effort to document the issuer’s internal controls. The majority of auditors indicated that the documentation and understanding of ICFR is established during the first year of Section 404 compliance, whereas the process in subsequent years is more streamlined because both management and the auditor can focus on documenting changes relative to the prior year.

Moreover, auditors generally indicated that coordination between management and auditors has improved and that management is more commonly using judgment in completing the assessment required under Section 404(a) to focus on areas of higher risk. In this sense, the perspective provided by auditors during the interviews was generally consistent with the survey evidence presented earlier as well as the intended objective of Management Guidance. Some auditors indicated that they perceive management to have taken greater ownership of the process of Section 404 compliance through less reliance on outside consultants and a better understanding of the objective, enabling greater focus on areas of higher risks. Moreover, some auditors indicated that management’s assessment is becoming more integrated with the business and is no longer perceived by management as solely a compliance exercise. Nonetheless, the auditors expressed mixed views regarding their reliance on the work of others. For example, while most reported an increased reliance on management’s work over time, some auditors perceive that they cannot rely heavily on management’s work because it is not performed by objective personnel.

Focusing on the process of Section 404(b) compliance, auditors generally reported experiencing: a reduction in the number of controls tested; an increased reliance on entity-level controls; and, in certain cases, a reduction in the number of locations and accounts that are tested. There were mixed responses, however, when auditors were asked to indicate the portion of the audit of ICFR that requires the most effort. Some suggested that most time is spent on testing controls, whereas others indicated documentation, including process documentation, or assessing risks requires the most effort. Finally, most auditors indicated that the audit of ICFR has become more efficient because it is now integrated with the traditional audit of financial statements. However, a few disagreed with this view, especially those auditors servicing smaller companies, indicated that such integration is difficult.

The auditors' view about the greater integration of the auditing processes is in some sense in contrast with what the survey evidence suggests with respect to respondent companies' ability to identify the portion of audit fees attributable to Section 404(b) compliance. Indeed, most of the interviewed auditors expressed the view that audit companies do not provide information to companies to distinguish the fees due to the financial statement audit from fees due to the audit of ICFR. In fact, some auditors suggested that they could not estimate the audit fees related solely to the audit of ICFR, given that the latter has been integrated into the financial statement audit. Most of them asserted that they could determine the portion of audit fees related to testing internal controls separately from the portion associated with detailed tests of transactions, but they could not isolate the portion of the fees associated with testing internal controls that is incremental to what would be necessary for a traditional audit of the financial statement.⁹¹

Finally, the auditors participating in the interviews had an opportunity to express their views on the effects that they perceive the 2007 reforms to have had on the process of Section 404 compliance. Some of them find the 2007 reforms to be helpful, contributing to increased efficiency. However, most auditors had difficulty quantifying the portion of this trend that could be directly ascribed to the 2007 reforms and some suggested that experience with Section 404 compliance is the most significant factor in explaining the increase in efficiency of the evaluations and audits of ICFR. In contrast, some auditors suggested that the 2007 reforms did not have a statistically significant impact, because elements of those reforms had already been incorporated in the ICFR evaluation process before the guidance was issued. Among these, however, some found 2007 reforms to be helpful to the extent that they removed any uncertainty.

⁹¹ When audit engagement partners were asked why they believed companies were comfortable with providing such estimates, some indicated that issuers continue to have a perception of the allocation of the total audit fees based on those that were quoted during the initial implementation of the ICFR audit requirement.

In specific regard to AS5, some auditors stated that the new auditing standard effectively incorporated and/or clarified guidance related to the top-down approach, provided a greater ability to rely on the work of others, and removed certain prescriptive requirements. Furthermore, many auditors indicated that a first-time audit of ICFR under AS5 is notably more efficient than a similar audit under AS2. Several auditors also noted that management incorporates AS5 in conducting the assessment of ICFR required under Section 404(a), so as to maximize the auditor's ability to rely on management's work.

VI. Conclusion

This report presents findings from analysis of new data, obtained through a Web survey and in-depth interviews. To examine whether Section 404 is being implemented in a manner that will be more cost-effective for smaller reporting companies, the economic analysis of the Web survey evidence and the presentation of findings from in-depth interviews considered a range of questions – the magnitude of Section 404 compliance costs, determinants of compliance costs, the change in the cost before versus after the Commission's 2007 reforms, and the extent to which executives in reporting companies recognize benefits from Section 404 compliance.

The analysis of the survey data reveals that compliance costs vary with company size (increasing with size), compliance history (decreasing with increased compliance experience), and compliance regime (lower after the 2007 reforms). Although larger companies incur higher compliance costs, smaller companies incur higher scaled costs (i.e., relative to their assets), on average. This finding is consistent with the idea that annual Section 404 compliance involves a fixed cost that is unrelated to the size of the reporting company (i.e. not scalable). Nevertheless, across all categories, compliance costs tend to decrease steadily after the first-year of compliance—implying that Section 404 compliance entails start-up costs that dissipate over time. In addition, the estimated incremental cost of Section 404(b) compliance is similar to the cost of Section 404(a) compliance. Based on our analysis, the largest cost component of Section 404 compliance is internal labor costs, whether a company complies with Section 404(b) or Section 404(a)-only. Then, for Section 404(b) companies, audit fee is the next largest cost component, followed by outside vendor costs and non-labor costs.

The evidence is consistent with the notion that the Commission's 2007 reforms have had the intended effect of reducing compliance costs. The Web survey results reveal not only a decreasing trend in compliance costs but also changes in the evaluation procedures for ICFR. Comparing the compliance cost reported for the first fiscal year after the reforms with the one

reported for the fiscal year prior the reforms reveals that total costs have tended to decline in the relevant subgroups of companies. Although the Commission is primarily interested in the experience of smaller businesses that have yet to comply with Section 404(b), the greatest dollar savings due to the 2007 reforms have come from larger companies that comply with this section of the Act—owing to the fact that their compliance costs were already larger. Among the first-time Section 404(b) compliers in the years around the reform, the total compliance cost has decreased, although not significantly, and the Commission’s 2007 reforms appear to have had the largest impact on companies that have at least one year of prior compliance experience. This is consistent with the Commission’s objective of reducing *de novo* efforts in identifying risks and attendant controls each year following the first year of compliance. It also appears that the benefits of these reforms may not have fully accrued, as companies expect further decreases in compliance costs in the fiscal year in progress at the time of the survey.

The Web survey also included questions about the benefits of Section 404 compliance. Company insiders were found to recognize benefits of compliance, mainly in the area of the quality of ICFR and the audit committee’s confidence in the quality of ICFR. Company insiders were more likely to report *direct* benefits of compliance with Section 404 rules (e.g., better ICFR and or higher quality of financial reporting), rather than *indirect* benefits of compliance (e.g., investor confidence and the ability to raise capital). Larger companies tend to regard Section 404 compliance more favorably than smaller companies in almost every respect, and the answers to questions about Management Guidance and benefits of Section 404 compliance tend to be related to company size. Nevertheless, a majority felt that the costs of compliance outweighed the benefits. This was especially true among smaller companies.

Regarding the evidence on Management Guidance, nearly all respondents who answered questions about this aspect of the 2007 reforms indicated that they made use of the Management Guidance and most said they found it to be useful.

This report also presents the general findings of in-depth phone interviews of external users and auditors of financial statements, conducted by the Office of the Chief Accountant. The results of the interviews were generally consistent with the findings of the Web survey, although these parties were less knowledgeable about the costs of complying with Section 404. External users tended to put a heavy premium on having high quality financial statements that are in compliance with generally accepted accounting principles, and these users felt that companies need effective ICFR to ensure this is the case.

In sum, the evidence from the survey response data shows that the cost of Section 404 compliance decreased following the Commission’s reforms introduced in 2007 and is expected to

decrease further based on respondents' estimates for the fiscal year in progress at the time of the survey. Moreover, the survey participants perceive the reforms to have been a significant catalyst for these changes. This evidence may prove useful in understanding the effects of the 2007 reforms as well as guiding any subsequent regulatory efforts.

Appendix A. SEC's Regulatory History of Section 404 from 2003 to 2008⁹²

SEC Release No.	Date	Action	Title
33-8238	June 5, 2003	Final Rule	Management's Reports on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports
33-8392	Feb. 24, 2004	Final Rule	Management's Report on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports
33-8545	Mar. 2, 2005	Final Rule	Management's Report on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports of Non-Accelerated Filers and Foreign Private Issuers; Extension of compliance dates
33-8618	Sep. 22, 2005	Final Rule	Management's Report on Internal Control over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports of Companies that Are Not Accelerated Filers
34-54122	Jul. 11, 2006	Concept Release	Concept Release Concerning Management's Reports on Internal Control over Financial Reporting
33-8730A	Aug. 9, 2006	Final Rule	Internal Control over Financial Reporting in Exchange Act Periodic Reports of Foreign Private Issuers That Are Accelerated Filers
33-8760	Dec. 15, 2006	Final Rule	Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies
33-8809	Jun. 20, 2007	Final Rule	Amendments to Rules Regarding Management's Report on Internal Control over Financial reporting
33-8810	Jun. 20, 2007	Interpretive Release	Commission Guidance Regarding Management's Report on Internal Control over Financial Reporting Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934
34-56152	Jul. 27, 2007	SEC Order	Order Approving Proposed Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements, a Related Independence Rule, and Conforming Amendments
33-8934	Jun. 26, 2008	Final Rule	Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers

⁹² This table does not include any proposing releases.

Appendix B. Section 404 Web Survey Questionnaire

SECTION A: Screening Questions– (Programmer – DO NOT SHOW)

Background Information

In order to solicit feedback that is most relevant to your experiences with Section 404 of the Sarbanes-Oxley Act, the next series of questions will ask for general background information about your company, such as its filing status and fiscal year.

A-1 What is your current title? *Please select all that apply.*

1	Chief Executive Officer
2	Chief Financial Officer
3	Chief Accounting Officer
4	Chief Operating Officer
5	Chief Compliance Officer
6	Chief Risk Officer
7	Controller
8	Vice President Finance
9	General Counsel
10	Audit Committee Member
11	Other: please specify

A-2 Including your current position and all previous positions, for approximately how many years have you been employed with this company?

1	One year or less	CONTINUE TO NEXT
2	Two years	CONTINUE TO NEXT
3	Three or four years	CONTINUE TO NEXT
4	Five or more years	CONTINUE TO NEXT
5	Not Sure	CONTINUE TO NEXT

A-3 What is the ticker symbol for your company's common stock?

1	Ticker Symbol: _____	CONTINUE TO NEXT
2	Not available or unsure	CONTINUE TO NEXT
3	I prefer not to provide this information	CONTINUE TO NEXT

A-4 In what year did your company *first* file an annual report, such as a 10-K or 20-F, with the SEC?

1	Before Calendar Year 2007	CONTINUE TO A-5
2	During Calendar Year 2007	GO TO FINISH FOR NEWLY-PUBLIC COMPANIES BELOW
3	During Calendar Year 2008	GO TO FINISH FOR NEWLY-PUBLIC COMPANIES BELOW

FINISH FOR NEW PUBLIC COMPANIES

Thank you very much for agreeing to participate in this important survey. However, the questions asked will be relevant only for companies that have completed an assessment of the effectiveness of internal control over financial reporting and included that assessment in an annual report filed with the SEC. We hope that you will participate in future surveys.

ASK ALL

Throughout this survey, ICFR will refer to “internal control over financial reporting.”

A-5 Are you one of the persons in your company who is knowledgeable about any of the following:

- Your company’s evaluation of ICFR (internal control over financial reporting), including the manner in which your company designed its evaluation process,
- The independent audit of your company’s ICFR and the manner in which your independent auditor conducted its audit, or
- Your company’s experience in complying with Section 404 of the Sarbanes-Oxley Act, including costs and benefits of compliance?

1	Yes	SKIP TO SECTION B
2	No	ASK A-6 AND FINISH

ASK ONLY IF No (Code 2) in A-5

A-6 If you would be comfortable doing so, we would appreciate it very much if you would assist us in extending an invitation to participate in this survey to the person (or persons) in your company who is (or are) most knowledgeable about your company’s experience in complying with Section 404 of the Sarbanes-Oxley Act by providing the following information:

Person	Name	Email	Telephone
#1			
#2			
#3			

O Cannot give name **ASK QUESTION BELOW**

FINISH

(IF NAME GIVEN): Thank you very much for providing us with the names of additional persons within your company who we can contact. We will be contacting them shortly to invite them to participate in this survey.

(IF NAME NOT GIVEN): Thank you very much for your time. We appreciate your help.

SECTION B: FISCAL YEAR AND FILING STATUS -- (Programmer – DO NOT SHOW)

ASK ALL FILERS

B-1 What is the end date for the fiscal year in which you last filed a Form 10-K or 20-F? Please indicate Month, Day, and Year. (For example, if your company’s fiscal year ends on December 31, 2007, and it filed its form 10-K in February 2008, you would choose December 31, 2007).

January	1	2007	<i>Programming Instruction: Use the answer to this question to establish the most recent fiscal year. The prior year is the year before the most recent fiscal year.</i>
February	2	2008	
March	3		
April	4		
May	5		
June	6		
July	7		
August	8		
September	9		
October	10		
November	11		
December	12		
	13		
	14		
	15		
	16		
	17		
	18		
	19		
	20		
	21		
	22		
	23		
	24		
	25		
	26		
	27		
	28		
	29		
	30		
	31		
Not Sure	Not Sure	Not Sure	

ASK ALL FILERS

B-2 Please indicate the fiscal years for which your company had an independent audit of the effectiveness of its ICFR (internal control over financial reporting)? (For example, some companies have been required to have an independent audit of ICFR since fiscal year ending in 2004). (Please check Fiscal Year ending in **INSERT FY AFTER MOST RECENT FY** even if you haven’t yet filed a financial statement for that year, but will be *required* to include an independent audit of ICFR). *Please select all that apply.*

	Fiscal Year ending in 2004	Fiscal Year ending in 2005	Fiscal Year ending in 2006	Fiscal Year ending in 2007	Fiscal Year ending in 2008
Yes	1	1	1	1	1
No	2	2	2	2	2
Not Sure	3	3	3	3	3

Programming Logic: For B-2 please ask until Fiscal Year ending in (N+1) where N is the year chosen in B-1. Those who responded as 2007 should only be asked until 2008; those who responded as 2008 should be asked until 2009.

ASK THOSE WHO DID NOT FILE IN FY 2004 – 2008. SHOW ONLY YEARS NOT CHOSEN IN B-2

B-3 Did you voluntarily have an independent audit of your company’s ICFR in any of the following years? *Please select all that apply.*

	Fiscal Year ending in 2004	Fiscal Year ending in 2005	Fiscal Year ending in 2006	Fiscal Year ending in 2007	Fiscal Year ending in 2008
Yes	1	1	1	1	1
No	2	2	2	2	2
Not Sure	3	3	3	3	3

Programming Logic: Let N be the year selected from B-1. If Fiscal Year ending in Year N-1 is checked Yes (1) in B-2, then “Tenured Accelerated Filers”; else if Fiscal Year ending in Year N is checked Yes, then “New Accelerated Filers”; else “Non-Accelerated Filers.”

ASK ALL FILERS

B-4 Is your company a foreign private issuer? (Generally, a company that is organized under the laws of any foreign country and that has more than 50% of its voting securities directly or indirectly held by residents outside the United States is a foreign private issuer).

1	Yes	CLASSIFY AS FOREIGN
2	No	
3	Not Sure	

SECTION C: QUESTIONS FOR FOREIGN FILERS -- (Programmer – DO NOT SHOW)

ASK ONLY FOREIGN FILERS (CODE 1 IN B-4)

C-1 Do your home country's rules and/or regulations require your company to report on its ICFR?

1	Yes
2	No
3	Not Sure

ASK ONLY FOREIGN FILERS (CODE 1 IN B-4)

C-2 How much overlap is there related to reporting on the effectiveness of ICFR between the requirements of your home country and those of the United States?

1	Requirements are about the same
2	Great deal of overlap
3	Moderate amount of overlap
4	Small amount of overlap
5	No overlap or almost no overlap
9	Not sure

SECTION D: AUDIT FEES -- (Programmer – DO NOT SHOW)

Total Audit Fees

This next section of the survey is about the *total* fees your company paid its independent auditor for *both* the audit of the financial statements and the audit of ICFR (if applicable), as well as factors that may have caused those fees to change from year to year. You should *exclude* from your total audit fees any fees paid for *non-audit services* (such as tax compliance services or audit services that are not related to filings of your company’s financial statements with the SEC, such as fees to audit an employee benefit plan). We would like you to think about the approximate total audit fees your company paid in fiscal year ending in (INSERT PRIOR FY) and in fiscal year ending in (INSERT MOST RECENT FY), and the approximate total audit fees you EXPECT to pay in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR).

D-1 What is the approximate total amount of fees paid to your independent auditor for the audit of the financial statements and the audit of ICFR in fiscal year ending in (INSERT PRIOR FISCAL YEAR) and in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)? What do you EXPECT to be charged in fiscal year ending in (INSERT FY AFTER MOST RECENT FY) for the audit of the financial statements and the audit of ICFR (if applicable)?

(PLEASE USE -1 FOR CANNOT ESTIMATE).

Approximate Fees Paid in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)	Approximate Fees Paid in Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)	Approximate Fees EXPECTED to be Paid in Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR)
\$ _____	\$ _____	\$ _____
<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)

IF RESPONDENT CANNOT GIVE A NUMBER UNAIDED, ASK FOR EACH RELEVANT YEAR:

D-2 Please use the following list to let us know approximately the total amount of fees paid to your independent auditor related to the audit of the financial statements and the audit of ICFR in (INSERT PRIOR FISCAL YEAR)?

Approximate Fees Paid in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)		
1	Less than \$25,000	Continue with Next Question
2	\$25,000 to \$49,999	Continue with Next Question
3	\$50,000 to \$99,999	Continue with Next Question
4	\$100,000 to \$249,999	Continue with Next Question
5	\$250,000 to \$499,999	Continue with Next Question
6	\$500,000 to \$999,999	Continue with Next Question
7	\$1,000,000 to \$1,999,999	Continue with Next Question
8	\$2,000,000 to \$3,999,999	Continue with Next Question
9	\$4,000,000 to \$4,999,999	Continue with Next Question
10	\$5,000,000 to \$7,499,999	Continue with Next Question
11	\$7,500,000 to \$9,999,999	Continue with Next Question
12	\$10,000,000 and more	Continue with Next Question
13	Cannot estimate	SKIP TO D-7
14	Not Applicable	SKIP TO D-7

D-3 Compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR), did the total amount of fees paid to your independent auditor increase or decrease in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), or did it remain the same?

1	Increased	CONTINUE WITH NEXT QUESTION
2	Decreased	CONTINUE WITH NEXT QUESTION
3	Remained the Same	SKIP TO D-5
4	Not Sure	SKIP TO D-5
5	Not Applicable	SKIP TO D-5

D-4 What was the approximate percent (INSERT "increase" or "decrease") in the total amount of fees paid to your independent auditor in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR)?

Approximate Percent (INSERT "Increase" OR "Decrease") in Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)
\$ _____
<input type="radio"/> Cannot estimate

D-5 Compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), do you EXPECT the total amount of fees paid to your independent auditor to increase or decrease in fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), or will it remain the same?

1	Expect to Increase	CONTINUE WITH NEXT QUESTION
2	Expect to Decrease	CONTINUE WITH NEXT QUESTION
3	Expect to Remain the Same	SKIP TO D-7
4	Not Sure	SKIP TO D-7
5	Not Applicable	SKIP TO D-7

D-6 What is the EXPECTED percent (INSERT “increase” or “decrease”) in the total amount of fees paid to your independent auditor in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)?

Approximate Percent (INSERT “Increase” OR “Decrease”) in Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)
\$ _____
<input type="radio"/> Cannot estimate

D-7 In the last question, you told us what your total fees were in the past few years. Now we would like to know if any of the following had an impact on your total fees in fiscal year ending in (INSERT PRIOR FISCAL YEAR). Please indicate whether any of the following events or factors occurred in fiscal year ending in (INSERT PRIOR FISCAL YEAR) and if so, how they affected the total audit fees (relative to what the total audit fees would have been without such events or factors).

	DO NOT ROTATE	Not Applicable	Caused HIGHER Fees	LITTLE OR NO IMPACT	Caused LOWER fees	Not Sure
	In Fiscal Year ending in (INSERT CURRENT FISCAL YEAR)					
A	Material Acquisition or Divestiture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Restatement of the company’s prior financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Change in reliance by your independent auditor on the work of others (e.g., management, internal audit).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Adoption of new accounting and auditing pronouncements (separate from Auditing Standard No. 5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Change of auditor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Change in the number of hours the auditor needed to conduct the audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Change in auditor bill rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Other material events: Please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D-8 Now we would like to know if any of the following had an impact on your total fees in fiscal year ending in (INSERT CURRENT FISCAL YEAR). Please indicate whether any of the following events or factors occurred in fiscal year ending in (INSERT PRIOR FISCAL YEAR) and if so, how they affected the total audit fees (relative to what the total audit fees would have been without such events or factors).

	DO NOT ROTATE	Not Applicable	Caused HIGHER Fees	LITTLE OR NO IMPACT	Caused LOWER fees	Not Sure
	In Fiscal Year ending in (INSERT CURRENT FISCAL YEAR)					
A	Material Acquisition or Divestiture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Restatement of the company's prior financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Change in reliance by your independent auditor on the work of others (e.g. management, internal audit).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Adoption of new accounting and auditing pronouncements (separate from Auditing Standard No. 5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Change of auditor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Change in the number of hours the auditor needed to conduct the audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Change in auditor bill rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Other material events: Please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D-9 Now we would like to know if you EXPECT any of the following to have an impact on your total fees in fiscal year ending in (INSERT FISCAL YEAR AFTER CURRENT FISCAL YEAR). Please indicate whether the following events or factors are expected to occur in fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR) and if so, how they are expected to affect the total audit fees (relative to what the total audit fees would be without such events or factors).

	DO NOT ROTATE	Not Applicable	Caused HIGHER Fees	LITTLE OR NO IMPACT	Caused LOWER fees	Not Sure
	In Fiscal Year ending in (INSERT CURRENT FISCAL YEAR)					
A	Material Acquisition or Divestiture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Restatement of the company's prior financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Change in reliance by your independent auditor on the work of others (e.g. management, internal audit).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Adoption of new accounting and auditing pronouncements (separate from Auditing Standard No. 5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Change of auditor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Change in the number of hours the auditor needed to conduct the audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Change in auditor bill rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Other material events: Please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section E: ICFR Audit Fee Intro -- (Programmer – DO NOT SHOW)

Fees for Independent Audit of ICFR

In this next section, we will ask questions about the costs of compliance that are associated with the *independent audit of ICFR*, which can be measured as dollar fees or time spent. In answering these questions, you should exclude from consideration the costs of the traditional financial statement audit. Again, we would like you to think about the approximate amount of fees your company paid in fiscal year ending in (INSERT PRIOR FY) and in fiscal year ending in (INSERT MOST RECENT FY), and the approximate amount you EXPECT to pay in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR).

E-1 Thinking about what you paid in fiscal year ending in (INSERT PRIOR FISCAL YEAR), in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), and what you EXPECT to pay in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR), what approximate percent of the total amount you paid to your independent auditor was or will be spent on the *independent audit of ICFR*?

Please indicate if you are not able to estimate.

(PLEASE USE -1 FOR CANNOT ESTIMATE; USE -2 FOR NOT APPLICABLE).

	Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)	Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)	Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR)
Insert Percent	____%	____%	____%
Cannot Estimate	O	O	O
Not Applicable	O	O	O

SECTION F: Audit background and perception -- (Programmer – DO NOT SHOW)

ASK ONLY OF TENURED ACCELERATED FILERS

F-1 How much of an impact did the following factors have on the amount of *time spent* by your independent auditor for the independent audit of the company's ICFR in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) as compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR)?

	ROTATE SERIES	Not Applicable	Caused a DECREASE in Time Spent	LITTLE OR NO IMPACT	Caused an INCREASE in Time Spent	Not Sure
	Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR) compared to Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)					
A	Change in the number of accounts and processes selected for audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Change in the number of areas for which the independent auditor conducted walk-throughs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Change in the number of controls selected and/or the nature, timing, and extent of control testing by the auditor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Change in the number of company locations selected for audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Change in the degree of the auditor's reliance on the work of others (e.g. management, internal audit,)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Other: please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ONLY OF TENURED ACCELERATED FILERS AND NEW ACCELERATED FILERS

F-3 Now we would like to know if you EXPECT any of the following to have an impact in fiscal year ending in (INSERT FISCAL YEAR AFTER CURRENT FISCAL YEAR). How much of an impact do you EXPECT the following factors to have on the amount of *time spent by your independent auditor* for the independent audit of the company's ICFR in fiscal year ending in (INSERT FISCAL YEAR AFTER CURRENT FISCAL YEAR) as compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)?

	ROTATE SERIES	Not Applicable	EXPECT a DECREASE in Time Spent	LITTLE OR NO IMPACT	EXPECT an INCREASE in Time Spent	Not Sure
	Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR) compared to Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)					
A	Change in the number of accounts and processes selected for audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Change in the number of areas for which the independent auditor conducted walk-throughs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Change in the number of controls selected and/or the nature, timing, and extent of control testing by the auditor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Change in the number of company locations selected for audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Change in the degree of the auditor's reliance on the work of others (e.g., management, internal audit, others)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Other: please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ALL TENURED AND NEW ACCELERATED FILERS

F-4 What is your perception about the impact that Auditing Standard No. 5 has had on the amount of time it takes to complete the independent audit of ICFR in fiscal year ending in **(INSERT MOST RECENT FISCAL YEAR)**?

Decrease in Time			NO IMPACT on Time Spent	Increase in Time			Not Sure	Not Applicable
Large	Moderate	Small		Small	Moderate	Large		
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

F-5 What impact do you EXPECT Auditing Standard No. 5 to have on the amount of time it takes to complete the independent audit of ICFR in fiscal year ending in **(INSERT FISCAL YEAR AFTER THE MOST RECENT FISCAL YEAR)**?

Decrease in Time			No Impact on Time Spent	Increase in Time			Not Sure	Not Applicable
Large	Moderate	Small		Small	Moderate	Large		
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SECTION G: NON-LABOR COSTS -- (Programmer – DO NOT SHOW)

Non-Labor Costs

The next set of questions pertains to any software, hardware, travel, or any other NON-LABOR expenditures you have had to make so that your company can be in compliance with Section 404.

Again, we would like you to think about the approximate amount your company paid in **fiscal year ending in** (INSERT PRIOR FISCAL YEAR) and in **fiscal year ending in** (INSERT MOST RECENT FISCAL YEAR), and the approximate amount you EXPECT to pay in **fiscal year ending in** (INSERT YEAR AFTER MOST RECENT FISCAL YEAR).

G-1 Approximately how much money did you spend on software, hardware, travel, or any other NON-LABOR expenditures to help you comply with Section 404 in fiscal year ending in (INSERT PRIOR FY) and in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) that you would not have spent in the absence of Section 404 requirements? What do you EXPECT to pay in fiscal year ending in (INSERT FY AFTER MOST RECENT FY)?

(PLEASE USE -1 FOR CANNOT ESTIMATE; USE -2 FOR NOT APPLICABLE).

<i>Approximate Dollars Spent in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)</i>	<i>Approximate Dollars Spent in Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)</i>	<i>Approximate Dollars EXPECTED to Spend in Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR)</i>
\$ _____	\$ _____	\$ _____
<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)
<input type="radio"/> Not applicable	<input type="radio"/> Not applicable	<input type="radio"/> Not applicable

IF RESPONDENT CANNOT GIVE A NUMBER UNAIDED, ASK FOR EACH RELEVANT YEAR:

G-2 Please use the following list to tell us approximately how much money you spent on software, hardware, travel, or any other NON-LABOR expenditures to help you comply with Section 404 in fiscal year ending in (INSERT PRIOR FY)?

<i>Approximate Dollars Spent in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)</i>		
1	Less than \$25,000	Continue with Next Question
2	\$25,000 to \$49,999	Continue with Next Question
3	\$50,000 to \$99,999	Continue with Next Question
4	\$100,000 to \$249,999	Continue with Next Question
5	\$250,000 to \$499,999	Continue with Next Question
6	\$500,000 to \$999,999	Continue with Next Question
7	\$1,000,000 to \$1,999,999	Continue with Next Question
8	\$2,000,000 to \$3,999,999	Continue with Next Question
9	\$4,000,000 to \$4,999,999	Continue with Next Question
10	\$5,000,000 to \$7,499,999	Continue with Next Question
11	\$7,500,000 to \$9,999,999	Continue with Next Question
12	\$10,000,000 and more	Continue with Next Question
13	Cannot estimate	SKIP TO SECTION H
14	Not Applicable	SKIP TO SECTION H

G-3 Compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR), did the money you spent on software, hardware, travel, or any other NON-LABOR expenditures increase or decrease in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), or did it remain the same?

1	Increased	CONTINUE WITH NEXT QUESTION
2	Decreased	CONTINUE WITH NEXT QUESTION
3	Remained the Same	SKIP TO G-5
4	Not Sure	SKIP TO G-5
5	Not Applicable	SKIP TO G-5

G-4 What was the approximate percent (INSERT “increase” or “decrease”) in money you spent on software, hardware, travel, or any other NON-LABOR expenditures in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR)?

Approximate Percent (INSERT Increase” OR “Decrease”) in Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)
% _____
<input type="radio"/> Cannot estimate

G-5 Compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), do you EXPECT the money you will spend on software, hardware, travel, or any other NON-LABOR expenditures to increase or decrease in fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), or do you expect it to remain the same?

1	Expect to Increase	CONTINUE WITH NEXT QUESTION
2	Expect to Decrease	CONTINUE WITH NEXT QUESTION
3	Expect to Remain the Same	SKIP TO Section H
4	Not Sure	SKIP TO Section H
5	Not Applicable	SKIP TO Section H

G-6 What is the EXPECTED percent (INSERT “increase” or “decrease”) in the money you EXPECT to spend on software, hardware, travel, or any other NON-LABOR expenditures in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)?

Approximate Percent (INSERT “Increase” OR “Decrease”) in Fiscal Year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR)
% _____
<input type="radio"/> Cannot estimate

SECTION H: CONSULTANT COSTS -- (Programmer – DO NOT SHOW)

ASK ALL

Outside Vendor Costs

Many companies hire outside vendors to assist management in its evaluation of ICFR. These may include SOX 404 consultants or IT consultants or any other providers of goods and services that were obtained *specifically* to support the company’s 404 compliance. In this survey, “outside vendors” do not include your company’s independent auditor. The next series of questions seeks information about your company’s use of such resources. Again, we would like you to think about the approximate amount your company paid in **fiscal year ending in (INSERT PRIOR FISCAL YEAR)**, and in **fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)**, and the approximate amount you EXPECT to pay in **fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR)**.

H-1 Approximately what were the fees your company paid to consultants and vendors specifically to help you comply with Section 404 in fiscal year ending in **(INSERT PRIOR FY)** and in fiscal year ending in **(INSERT MOST RECENT FY)? (DO NOT INCLUDE ANY FEES PAID ASSOCIATED WITH THE INDEPENDENT AUDITOR)**. What are the fees you EXPECT to pay in fiscal year ending in **(INSERT FY AFTER MOST RECENT FY)?**

(DO NOT INCLUDE ANY FEES CHARGED BY THE INDEPENDENT AUDITOR). (PLEASE USE -1 FOR CANNOT ESTIMATE; USE -2 FOR DID NOT USE A CONSULTANT OR VENDOR).

<i>Approximate Fees Paid in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)</i>	<i>Approximate Fees Paid in Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)</i>	<i>Approximate Fees EXPECTED to be Paid in Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR)</i>
\$ _____	\$ _____	\$ _____
<input type="radio"/> Did not Use a Consultant or Vendor in this Year	<input type="radio"/> Did not Use a Consultant or Vendor in this Year	<input type="radio"/> Did not Use a Consultant or Vendor in this Year
<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)

Programming Logic: For each “cannot estimate”, ask the range question (H-2) with each relevant year. If all three years are (point estimates or Did not use a Consultant), then skip H-3 to H-6; else if MOST RECENT FISCAL YEAR is “Did not use”, then skip H-3 to H-6; else if MOST RECENT FISCAL YEAR is a point estimate and PRIOR YEAR is (either point estimate or Did not use), then skip H-3 and H-4; else if FY AFTER MOST RECENT FY is (either point estimate or Did not use) and MOST RECENT FY is (either point estimate or Did not use), then skip H-5 and H-6. IF DID NOT USE IN ANY YEAR, SKIP TO SECTION J

IF RESPONDENT CANNOT GIVE A NUMBER UNAIDED, ASK:

H-2 Please use the following list to let us know the approximate fees paid to consultants and vendors specifically to help your company comply with Section 404 in fiscal year ending in **(INSERT PRIOR FISCAL YEAR)**?

<i>Approximate Dollars Spent in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)</i>		
1	Less than \$25,000	Continue with Next Question
2	\$25,000 to \$49,999	Continue with Next Question
3	\$50,000 to \$99,999	Continue with Next Question
4	\$100,000 to \$249,999	Continue with Next Question
5	\$250,000 to \$499,999	Continue with Next Question
6	\$500,000 to \$999,999	Continue with Next Question
7	\$1,000,000 to \$1,999,999	Continue with Next Question
8	\$2,000,000 to \$3,999,999	Continue with Next Question
9	\$4,000,000 to \$4,999,999	Continue with Next Question
10	\$5,000,000 to \$7,499,999	Continue with Next Question
11	\$7,500,000 to \$9,999,999	Continue with Next Question
12	\$10,000,000 and more	Continue with Next Question
13	Cannot estimate	SKIP TO H-7
14	Not Applicable	SKIP TO H-7

H-3 Compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR), did the fees paid to consultants and vendors increase or decrease in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), or did it remain the same?

1	Increased	CONTINUE WITH NEXT QUESTION
2	Decreased	CONTINUE WITH NEXT QUESTION
3	Remained the Same	SKIP TO H-5
4	Not Sure	SKIP TO H-5
5	Not Applicable	SKIP TO H-5

H-4 What was the approximate percent (INSERT "increase" or "decrease") in the total dollar amount of fees paid to consultants and vendors in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR)?

<i>Approximate Percent (INSERT "Increase" OR "Decrease") in (INSERT MOST RECENT FISCAL YEAR)</i>	
\$ _____	
<input type="radio"/> Cannot estimate	

H-5 Compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), do you EXPECT the total dollar amount of fees paid to consultants and vendors to increase or decrease in fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), or will it remain the same?

1	Expect to Increase	CONTINUE WITH NEXT QUESTION
2	Expect to Decrease	CONTINUE WITH NEXT QUESTION
3	Expect to Remain the Same	SKIP TO H-7
4	Not Sure	SKIP TO H-7
5	Not Applicable	SKIP TO H-7

H-6 What is the EXPECTED percent (INSERT “increase” or “decrease”) in the total dollar amount of fees paid to consultants and vendors in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)?

Approximate Percent (INSERT “Increase” OR “Decrease”) in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR)
\$ _____
<input type="radio"/> Cannot estimate

H-7 Now thinking of those same fees paid to consultants and vendors, please indicate approximately what PERCENT of these fees were spent complying with Section 404a (management’s assessment), and approximately what percent of these fees were spent complying with Section 404b (independent audit of ICFR) in fiscal year ending in (INSERT PRIOR FISCAL YEAR) and in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)? How much do you EXPECT to spend in fiscal year ending in (FY AFTER THE MOST RECENT FISCAL YEAR)?

	Fees Paid		Fees EXPECTED to be Paid
	Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)	Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)	Fiscal Year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR)
Insert Percent Spent on Management Assessment of ICFR (404a)	____%	____%	____%
Insert Percent Spent on Independent Audit of ICFR (404b)	____%	____%	____%
TOTAL (SHOULD ADD TO 100%)			
Cannot Estimate			

SECTION I: CONSULTANT ACTIVITIES AND PERCEPTION -- (Programmer – DO NOT SHOW) ASK ALL FILERS THAT USED A CONSULTANT IN H-1

ASK ONLY THOSE YEARS FOR WHICH THEY INDICATED USAGE OF A CONSULTANT IN H-1.

I-1 For each of the activities below, we would like to know the contribution of consultants and vendors to your effort in preparing for the management assessment of ICFR. During fiscal year ending in (INSERT PRIOR FISCAL YEAR), to what degree did your company rely on the services of consultants or vendors in each of the following activities relating to 404 compliance and the management assessment of ICFR?

	ROTATE SERIES	Did NOT Rely on Consultants/ Vendors	Relied on Consultants/ Vendors MODERATELY	Relied on Consultants/ Vendors A GREATLY	Not Sure
	In Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)				
A	Identifying risks to your company's financial reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Identifying controls that address identified risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Documenting controls identified to address risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Gathering evidence related to (i.e. testing) the operational effectiveness of controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Evaluating the effectiveness of controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Evaluating deficiencies identified to determine if they were significant deficiencies or material weaknesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Developing disclosures on SEC filings related to management's assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Helping you prepare for an independent audit of ICFR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I	Any other tasks: please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I-2 During fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), to what degree did your company rely on the services of consultants or vendors in each of the following activities relating to 404 compliance and the management assessment of ICFR?

	ROTATE SERIES	Did NOT Rely On Consultants/ Vendors	Relied on Consultants/ Vendors Moderately	Relied on Consultants/ Vendors a Great Deal	Not Sure
	In Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)				
A	Identifying risks to your company's financial reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Identifying controls that address identified risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Documenting controls identified to address risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Gathering evidence related to (i.e. testing) the operational effectiveness of controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Evaluating the effectiveness of controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Evaluating deficiencies identified to determine if they were significant deficiencies or material weaknesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Developing disclosures on SEC filings related to management's assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Helping you prepare for an independent audit of ICFR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I	Any other tasks: please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I-3 During fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), to what degree do you EXPECT your company will rely on the services of consultants or vendors in each of the following activities relating to 404 compliance and the management assessment of ICFR?

	ROTATE SERIES	Did NOT Rely on Consultants/ Vendors	Relied on Consultants/ Vendors MODERATELY	Relied on Consultants/ Vendors A GREAT DEAL	Not Sure
	In Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR)				
A	Identifying risks to your company's financial reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Identifying controls that address identified risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Documenting controls identified to address risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Gathering evidence related to (i.e. testing) the operational effectiveness of controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Evaluating the effectiveness of controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Evaluating deficiencies identified to determine if they were significant deficiencies or material weaknesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Developing disclosures on SEC filings related to management's assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Helping you prepare for an independent audit of ICFR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I	Any other tasks: please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SECTION J: INTERNAL LABOR COSTS -- (Programmer – DO NOT SHOW)

Internal Staff Hours

The next series of questions will focus on your company’s internal employee effort required to comply with Section 404. This includes only the effort that is required specifically to support your company’s 404 compliance. Again, we would like you to think about the approximate amount of effort your company expended in **fiscal year ending in (INSERT PRIOR FY)** and in **fiscal year ending in (INSERT MOST RECENT FY)**, and the approximate amount effort you EXPECT to incur in **fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR)**.

J-1 What was the approximate number of total internal staff hours you spent on 404 compliance in fiscal year ending in (INSERT PRIOR FISCAL YEAR) and in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)? This should include any hours spent on activities specifically required to prepare for the management assessment or independent audit of ICFR that would not have occurred without the 404 requirements. How many total internal staff hours do you EXPECT to spend in fiscal year ending in **(INSERT FISCAL YEAR AFTER MOST RECENT FY)**.

(PLEASE USE -1 FOR CANNOT ESTIMATE; USE -2 FOR DID NOT USE ANY INTERNAL STAFF HOURS).

<i>Approximate Internal Staff Hours Spent in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)</i>	<i>Approximate Internal Staff Hours Spent in Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)</i>	<i>Approximate Internal Staff Hours EXPECTED to Spend in Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR)</i>
_____	_____	_____
<input type="radio"/> Did not Use any Internal Staff Hours this Year	<input type="radio"/> Did not Use any Internal Staff Hours this Year	<input type="radio"/> Did not Use any Internal Staff Hours this Year
<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)	<input type="radio"/> Cannot estimate (ASK QUESTION BELOW)

Programming Logic: If all three years are (either point estimates or “Did not use”, then skip J-3 to J-6; else if MOST RECENT FY is “Did not use”, then skip J-3 to J-6; else if MOST RECENT FY is a point estimate and PRIOR YEAR is (either point estimate or “Did not use”), then Skip J-3 and J-4; else if FY AFTER MOST RECENT FY is (either point estimate or “Did not use”) and MOST RECENT FY is (either point estimate or “Did not use”), then skip J-5 and J-6. If did not use in any year, skip to Section K.

IF RESPONDENT CANNOT GIVE A NUMBER UNAIDED, ASK FOR EACH RELEVANT YEAR:

J-2 Please use the following list to let us know approximately how many internal staff hours you spent on 404 compliance in fiscal year ending in (INSERT PRIOR FISCAL YEAR). This should include any hours spent on activities specifically required to prepare for the management assessment or independent audit of ICFR, which would not have occurred without the 404 requirements. (To help you estimate, a full-time employee would be approximately 2000 hours)

<i>Approximate Internal Staff Hours Spent in Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)</i>	
1	Less than 100
2	100 to 499
3	500 to 999
4	1,000 to 1,999
5	2,000 to 4,999
6	5,000 to 9,999
7	10,000 to 24,999
8	25,000 to 49,999
9	50,000 to 74,999
10	75,000 to 99,999
11	100,000 to 149,999
12	150,000 to 199,999
13	200,000 or more
14	Cannot estimate

J-3 Compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR), did the number of internal staff hours you spent on 404 compliance increase or decrease in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), or did they remain the same? Again, this should include hours spent on activities specifically required to prepare for the management assessment or independent audit of ICFR, which would not have occurred without the 404 requirements.

1	Increased	CONTINUE WITH NEXT QUESTION
2	Decreased	CONTINUE WITH NEXT QUESTION
3	Remained the Same	SKIP TO J-7
4	Not Sure	SKIP TO J-7
5	Not Applicable	SKIP TO J-7

J-4 What was the approximate percent (INSERT "increase" or "decrease") in the internal staff hours you spent on 404 compliance in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT PRIOR FISCAL YEAR)?

<i>Approximate Percent (INSERT "Increase" OR "Decrease") in (INSERT MOST RECENT FISCAL YEAR)</i>
\$ _____
<input type="radio"/> Cannot estimate

J-5 Compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), do you EXPECT the internal staff hours you will spend on 404 compliance in fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR) to (INSERT “increase” or “decrease”), or will they remain the same?

1	Expect to Increase	CONTINUE WITH NEXT QUESTION
2	Expect to Decrease	CONTINUE WITH NEXT QUESTION
3	Expect to Remain the Same	SKIP TO J-7
4	Not Sure	SKIP TO J-7
5	Not Applicable	SKIP TO J-7

J-6 What is the EXPECTED percent (INSERT “increase” or “decrease”) in the internal staff hours you will spend on 404 compliance in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR) compared to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR)?

Approximate Percent (INSERT “Increase” OR “Decrease”) in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR)
\$ _____
<input type="radio"/> Cannot estimate

J-7 Now thinking of those same hours, please indicate approximately what PERCENT of these hours were spent complying with Section 404a (management’s assessment), and approximately what percent of these hours were spent complying with Section 404b (independent audit of ICFR) in fiscal year ending in (PRIOR FISCAL YEAR) and in fiscal year ending in (MOST RECENT FISCAL YEAR). What PERCENT of these hours do you EXPECT to spend on each section in fiscal year ending in (FY AFTER MOST RECENT FY)? If you cannot provide an approximate estimate, please indicate “cannot estimate” below.

	Hours Spent		Hours EXPECT to Spend
	Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)	Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)	Fiscal Year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR)
Insert Percent Spent on Management Assessment of ICFR (404a)	____%	____%	____%
Insert Percent Spent on Independent Audit of ICFR (404b)	____%	____%	____%
TOTAL (SHOULD ADD TO 100%)			
Cannot Estimate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Not Applicable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SECTION K: OTHER EFFECTS OF SECTION 404 -- (Programmer – DO NOT SHOW)

Other Effects of Section 404

We are interested in understanding the general impact that complying with Section 404 has had on your company and its participation in the capital markets.

ASK ALL FILERS

K-1 To the best of your knowledge, what impact has complying with Section 404 of the Sarbanes-Oxley Act had on the following?

	RANDOMIZE ORDER	NEGATIVE IMPACT	LITTLE OR NO IMPACT	POSITIVE IMPACT	Not Sure	Not Applicable
A	The quality of your company's internal control structure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	The audit committee's confidence in the company's ICFR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	The quality of your company's financial reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Your company's ability to prevent and detect fraud	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	Your company's ability to raise capital	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Investor confidence in your company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Efficiency of your company's operation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	The efficiency of your company's financial reporting process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I	Timeliness of your company's financial statement audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J	Liquidity of your company's common stock	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
K	Your company's overall firm value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
L	Your confidence in the financial reports of other 404-compliant companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ALL FILERS

K-2 Have the requirements to comply with Section 404 motivated your company to consider going private?

1	Yes, very seriously
2	Yes, somewhat
3	No
9	Not sure

All Foreign Filers

K-3 Have the requirements to comply with Section 404 motivated your company to consider delisting from U.S. exchanges?

1	Yes, very seriously
2	Yes, somewhat
3	No
9	Not sure

K-4 To the best of your knowledge, what is the impact that complying with Section 404 requirements might have on companies in your home country's jurisdiction that are not subject to Section 404?

Negative Impact on Firm Value			No Impact on Firm Value	Positive Impact on Firm Value			Not Sure	Not Applicable
Large	Moderate	Small		Small	Moderate	Large		
○	○	○	○	○	○	○	○	○

ASK THOSE WHO SAY YES IN EITHER K-2 OR K-3

K-5 Have the costs that motivated your company to consider going private, deregistering or delisting gone away entirely or become smaller over time?

1	Yes, gone away entirely
2	Yes, become smaller over time
3	They have remained the same
4	No, they have increased
9	Not sure

SECTION L: FINAL QUESTIONS – (Programmer – DO NOT SHOW)

ASK ALL FILERS

Additional Information

L-1 In which of the following surveys regarding Section 404 of the Sarbanes-Oxley Act, if any, have you participated? *Please select all that apply. RANDOMIZE*

0	Have not participated in any prior surveys about this topic
1	Financial Executives International (FEI)
2	Charles River Associates International (CRAI)
3	Foley and Lardner (attorneys)
4	Deloitte and Touche LLP
5	Greater Boston Chamber of Commerce
6	Independent Community Bankers of America
7	NASDAQ
8	KPMG LLP
9	Lord & Benoit
10	AMR Research
11	U.S. Chamber of Commerce
12	Institute of Management Accounts
13	American Electronics Association
14	Other: please specify
15	Not Sure

ASK ALL FILERS

Thank you very much for participating in this survey. This concludes the main body of our survey.

L-2 If you have a few additional minutes, please let us know if you would like to share some additional thoughts on the topics listed below. Finally, if you would like to receive an executive summary of the results, you can click on the follow-up section and provide us with contact information. This will also allow us to contact you again if we have a few points of clarification about the answers that you gave.

Topic	Estimated Time to Complete	Yes	No
Management assessment experience	7 Minutes	1	2
Cost-Benefits of Sarbanes-Oxley	2 Minutes	1	2
Open-Ended Questions Where you can write anything you want	5 Minutes	1	2
Follow-up (where you can register to get an executive summary of the report the SEC will prepare on costs and benefits that will feature results from this survey).	1 Minute	1	2

NEXT GO TO EACH OF THE SELECTED (“YES”) TOPICS

SECTION M: MANAGEMENT GUIDANCE DIAGNOSTICS - (Programmer – DO NOT SHOW)

Management Guidance Diagnostics

In this section, we are looking for greater detail on your experience with the management assessment of ICFR, and with the SEC's guidance on how management can prepare for the assessment of ICFR. This information will help us analyze the nature of any improvement in implementation of the Section 404 rules that has occurred and determine what, if any, adjustments might be warranted.

M-1	Have you relied on the management guidance that the SEC issued in June 2007?
1	Yes
2	No

Programming Logic: If yes, ask the next question; if no, skip the next question.

M-2	Have you found the management guidance useful?
1	Yes
2	No

M-3 Please consider all of your company's effort in support of management's assessment of ICFR for fiscal year ending in (INSERT PRIOR FISCAL YEAR) and in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR). Approximately what percentage (in terms of costs) of that effort was related to the following tasks? Thinking of (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), approximately what percentage (in terms of costs) of that effort do you EXPECT to be related to the following tasks?

(PLEASE MAKE SURE THE PERCENTAGES ADD UP TO 100%)

		Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)	Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)	Fiscal Year ending in (INSERT FY AFTER MOST RECENT FY)
1	Identifying risks to your company's financial reporting			
2	Identifying controls that address identified risks			
3	Documenting controls identified to address risks			
4	Gathering evidence related to (i.e. testing) the operational effectiveness of controls			
5	Evaluating the effectiveness of controls			
6	Evaluating deficiencies identified to determine if they were material weaknesses			
7	Making changes in IT systems to conduct management's assessment			
8	Developing disclosures on SEC filings related to management's assessment			
9	Any other tasks: please specify			
	TOTAL	100%	100%	100%
	CLICK HERE IF CANNOT ESTIMATE FOR THIS YEAR			
	CLICK HERE IF NOT APPLICABLE FOR THIS YEAR			

M-4 How have the following activities associated with management’s evaluation of ICFR changed in fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) from fiscal year ending in (INSERT THE PRIOR YEAR)?

	ROTATE A-I. J SHOULD ALWAYS COME LAST	Not Applicable	DECREASE	LITTLE OR NO CHANGE	INCREASE	Not Sure
	Think of the change from fiscal year ending in (INSERT MOST RECENT FISCAL YEAR) to fiscal year ending in (INSERT PRIOR FISCAL YEAR)					
A	The number of risks subject to testing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	The number of locations for which your company gathered evidence to support your company’s assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	The level of documentation maintained in support of its assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	The number of controls for which your company gathered evidence (i.e. tested) to support your company’s assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	The evidence (nature, extent, timing) gathered as part of your assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Use of management’s interaction with its controls as evidence to support its assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Management’s reliance on evidence gained from self-assessments (i.e. evaluations where persons responsible for a particular unit or function will determine the effectiveness of controls for their activities).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Management’s reliance on evidence from direct testing (i.e. tests ordinarily performed on a periodic basis by individuals who are not responsible for the controls operation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I	The reporting and discussion of significant deficiencies and material weaknesses to the audit committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J	The overall scope of your company’s evaluation process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

M-5 How do you EXPECT the following activities associated with management’s evaluation of ICFR to change in fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR) from fiscal year ending in (INSERT MOST RECENT FY)?

	ROTATE A-I. J SHOULD ALWAYS COME LAST	Not Applicable	DECREASE	LITTLE OR NO CHANGE	INCREASE	Not Sure
	Think of the EXPECTED change from fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR) to fiscal year ending in (INSERT MOST RECENT FISCAL YEAR).					
A	The number of risks subject to testing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	The number of locations for which your company gathered evidence to support your company’s assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	The level of documentation maintained in support of its assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	The number of controls for which your company gathered evidence (i.e. tested) to support your company’s assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E	The evidence (nature, extent, timing) gathered as part of your assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F	Use of management’s interaction with its controls as evidence to support its assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G	Management’s reliance on evidence gained from self-assessments (i.e. evaluations where persons responsible for a particular unit or function will determine the effectiveness of controls for their activities).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H	Management’s reliance on evidence from direct testing (i.e. tests ordinarily performed on a periodic basis by individuals who are not responsible for the controls operation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I	The reporting and discussion of significant deficiencies and material weaknesses to the audit committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J	The overall scope of your company’s evaluation process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ALL TENURED AND NEW ACCELERATED FILERS ONLY

M-6 For fiscal year ending in (INSERT PRIOR FISCAL YEAR), how much responsibility did each of the following have for gathering evidence to support your company’s management assessment of ICFR?

	DO NOT ROTATE	NO Responsibility	MODERATE Responsibility	A GREAT DEAL of Responsibility	Not Sure	Not Applicable
	In Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)					
A	Employees who are part of an internal audit function	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Employees who are not internal auditors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Outside vendors who are NOT on your company’s payroll	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Other: Please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ALL

M-7 For fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), how much responsibility did each of the following have for gathering evidence to support your company’s management assessment of ICFR?

	DO NOT ROTATE	NO Responsibility	MODERATE Responsibility	A GREAT DEAL of Responsibility	Not Sure	Not Applicable
	In Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)					
A	Employees who are part of an internal audit function	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Employees who are not internal auditors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Outside vendors who are NOT on your company's payroll	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Other: Please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ALL FILERS

M-8 For fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), how much responsibility is each of the following EXPECTED to have for gathering evidence to support your company's management assessment of ICFR?

	DO NOT ROTATE	NO Responsibility	MODERATE Responsibility	A GREAT DEAL of Responsibility	Not Sure	Not Applicable
	In Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)					
A	Employees who are part of an internal audit function	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Employees who are not internal auditors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Outside vendors who are NOT on your company's payroll	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D	Other: Please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

These next questions ask about whether your company's evaluation process was modified to improve coordination with your independent auditor.

ASK NON-ACCELERATED FILERS

M-9 During fiscal year ending in (INSERT PRIOR FISCAL YEAR), to what degree did your company structure its evaluation of ICFR with the intent of allowing the independent auditor to rely on the company's work?

		NOT AT ALL	MODERAT ELY	A GREAT DEAL	Not Sure	Not Applicabl e
	Degree to which your company structured its evaluation of ICFR with the intent of allowing the independent auditor to rely on it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

M-10 During fiscal year ending in (INSERT MOST RECENT FISCAL YEAR), to what degree did your company structure its evaluation of ICFR with the intent of allowing the independent auditor to rely on the company's work?

		NOT AT ALL	MODERAT ELY	A GREAT DEAL	Not Sure	Not Applicabl e
	Degree to which your company structured its evaluation of ICFR with the intent of allowing the independent auditor to rely on it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ALL TENURED ACCELERATED FILERS

M-11 During fiscal year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), to what degree do you EXPECT that your company will structure its evaluation of ICFR with the intent of allowing the independent auditor could rely on the company's work?

		NOT AT ALL	MODERAT ELY	A GREAT DEAL	Not Sure	Not Applicabl e
	Degree to which your company structured its evaluation of ICFR with the intent of allowing the independent auditor to rely on it	○	○	○	○	○

SECTION N:- Cost Benefits -- (Programmer – DO NOT SHOW)

ASK ALL FILERS

Costs and Benefits of Section 404

N-1 How responsive has the SEC been to concerns about the costs of complying with Section 404 of the Sarbanes-Oxley Act? Please use a 7-point scale, where 1 means not at all responsive and 7 means very responsive.

		Not at All Responsive							Very	Not Sure	Not Applicable
		1	2	3	4	5	6	7			
	SEC's Responsiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

ASK TENURED ACCELERATED FILERS AND NON-ACCELERATED FILERS

N-2 From the perspective of your company, how have the benefits of complying with Section 404 compare with the costs of complying? Please use a 7-point scale, where 1 means the costs far outweighed the benefits and 7 means the benefits far outweighed the costs, and answer for fiscal year ending in (INSERT FIRST FISCAL YEAR WAS REQUIRED TO FILE A REPORT), fiscal year ending in (INSERT PRIOR FISCAL YEAR) and fiscal year ending in (INSERT MOST RECENT FISCAL YEAR). In fiscal year (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR), how do you EXPECT the benefits of complying with Section 404 to compare with the costs of complying? Please use a 7-point scale, where 1 means the costs far outweighed the benefits and 7 means the benefits far outweighed the costs.

		Costs Far Outweighed the Benefits				Benefits Far Outweighed the				Not Sure	Not Applicable
		1	2	3	4	5	6	7			
A	In Fiscal Year ending in (INSERT FIRST FISCAL YEAR WAS REQUIRED TO FILE A REPORT)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
B	In Fiscal Year ending in (INSERT PRIOR FISCAL YEAR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
C	In Fiscal Year ending in (INSERT MOST RECENT FISCAL YEAR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
D	In Fiscal Year ending in (INSERT FISCAL YEAR AFTER MOST RECENT FISCAL YEAR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

PROGRAMMING LOGIC: For Row A, insert the First Fiscal Year for which the report was filed which can be gleaned by Question B-2. At any rate, all respondents should however be asked about three years (PRIOR FISCAL YEAR, MOST RECENT FY, and FY AFTER MOST RECENT FY).

N-3 Given your experience, how did the SEC's issuance of interpretive guidance for management and the PCAOB's issuance of Auditing Standard No. 5 affect your costs of complying with Section 404?

	DO NOT ROTATE	Not Applicable	DECREASE D YOUR COSTS	LITTLE OR NO IMPACT on Costs	INCREASE D YOUR COSTS	Not Sure
A	Impact of Interpretive Guidance for Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B	Impact of Auditing Standard No. 5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C	Combined Impact of Guidance for Management and Auditing Standard No. 5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ASK ALL FILERS

SECTION O: – Open-Ended Questions -- (Programmer – DO NOT SHOW)

Additional Comments

- O-1 In what other ways – if any - has compliance with Section 404 of Sarbanes-Oxley benefited your company and its investors? *Please type your response here.*
- O-2 In what other ways – if any - has compliance with Section 404 of Sarbanes-Oxley been costly or created difficulties for your company and its investors? *Please type your response here.*

ASK ALL FILERS

- O-3 Please provide any additional information or suggestions for actions that the SEC might take to help increase the benefits or reduce the costs of compliance with Section 404 of the Sarbanes Oxley Act. *Please type your response here.*
- O-4 Please indicate whether your company has experienced or is EXPECTING to experience any other changes in its management evaluation of ICFR in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR) compared to (INSERT MOST RECENT FISCAL YEAR). *Please type your response here.*
- O-5 Please indicate any other changes your company has experienced or is EXPECTING to experience in the independent audit of the company’s ICFR in fiscal year ending in (INSERT YEAR AFTER MOST RECENT FISCAL YEAR) compared to (INSERT MOST RECENT FISCAL YEAR). *Please type your response here.*
- O-6 If you have any additional information or comments, please feel free to express your views below: *Please type your response here.*

SECTION P: FOLLOW-UP -- (Programmer – DO NOT SHOW)

Contact Information

- P-1 May we contact you again if we have additional questions or would like to clarify your response? This would not require a significant amount of time on your part – if we needed clarification on something, it probably would take no more than 5 minutes.

1	Yes	CONTINUE
2	No	GO TO FINISH

ASK ONLY IF FILER IS WILLING TO BE CONTACTED (CODE 1 IN Q66)

- P-2 Please provide your contact information below.
Name
E-mail address
Phone
Mobile Phone

FINISH

Thank you very much for participating in this survey, which will bring real-world evidence to the study of costs and benefits of the Section 404 implementation being undertaken by the economists of the SEC. As a small token of our appreciation for your participation, you will receive an executive summary of the report of that study.