

Securities and Exchange Commission
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Management's Report on Internal Control over Financial Reporting

The Advisory Committee recommended partial or complete exemptions from the internal control reporting requirements for smaller companies, I do not agree with this.

Smaller companies should be required to adhere to the same requirements as larger companies because they are both traded in the same way. The public interest should be held to the same standard as large companies. For example, Fastenal Co, a smaller company, was highlighted on a creditable website along with British Petroleum and General Motors. If these smaller companies are getting the same attention, as investments, with larger companies, then I feel that the general public has the right to know that they are being held to the same high standard put out by the Commission.

I believe that there is needed clarification on page 30 regarding the sufficiency of evidence. The proposed states that, "for any individual control, different combinations of the nature, timing, and extent of evaluation procedures may provide sufficient evidence. The sufficiency of evidence is not determined by any of these attributes individually." If there are no requirements for the sufficiency of evidence then how can a company know ahead of time if their evidence falls under the category of sufficient? More or less evidence is required based on the perception of risk involved with each control issue, which comes down to management's opinion. Opinions vary between management; consistency for all companies should be the goal.

Clarification is also needed on page 37 concerning daily interactions. What is the definition of daily interaction and how can it be proven if called upon?

On the topic of evidence and how management may determine that it is not necessary to separately maintain copies of the evidence it evaluates, however, the evidential matter within the company's books and records should be sufficient to provide reasonable support for its assessment, page 38. If this documentation is not separately maintained how do we know a company will not become involved in the shredding of company documents like Enron?

These regulations and proposed rules should be in the best interest to the public. I feel that the last sentence on page 51 is not the best for public interest. "The proposed amendments would be similar to a non-exclusive safe-harbor in that they would not require management to conduct the evaluation in accordance with the interpretive guidance, but would provide certainty to management that chooses to follow the guidance that it has satisfied its obligation to conduct an evaluation for purposes of the requirements in Rules 13a-15(c) and 15d-15(c)." What I see this articulating as is that if a company is in accordance with the interpretive guidance then they have satisfied their

obligation to the Rules 13a-15(c) and 15d-15(c). Although, if a company chooses not to follow the interpretive guidance they too, are able to satisfy their obligation to Rules 13a-15(c) and 15d-15(c). With this said, the Commission asked for comments as to whether compliance with the interpretive guidance, if issued in final form should, be voluntary, as proposed, or mandatory.

I feel that for the best in public interest compliance with the interpretive guidance should be mandatory. By making this mandatory the confidence of the public will be increased through the consistency of all reporting entities, which I see is the overall goal here. If the rules are to be followed by all companies and enforced by the Commission, then the rules should mirror what is interpreted through the guidance.

Kindly Submitted,

Andrew Setz
2008 Graduate in Accounting and Finance
University of Wisconsin-La Crosse
setz.andr@gmail.com