

2007, February 26

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

RE: File No. S7-24-06

Ms. Morris,

### **Core Issue**

It appears that auditing organizations are indiscriminately auditing companies of all sizes to the strictest of PCAOB's standards, thereby increasing company costs and invalidating whatever cost benefit may have existed with a SOX audit.

Interpreting the level of internal controls necessary for a successful SOX audit is in many ways excessive and even impossible for small organizations to follow despite many auditors' attempts to push the controls so as to compile an alleged healthy documentation.

The proposal's intention to provide further interpretive guidance is appropriate, but we must ask if it will still allow SOX to successfully protect the general public.

### **Future Guidance**

The PCAOB should continue to introduce and maintain rigorous auditing standards even for smaller companies. Regardless of size or revenue, they are still public entities and must be audited as such. Effective entity-level internal controls should not be compromised.

### **Proposed Solution**

Sarbanes-Oxley may need to be interpreted differently for smaller organizations, for whom it may not have been designed for, and the interpretation or guidance should aim to encourage all organizations to take a more lead-role with their internal controls instead of undergoing lengthy and costly audits by professional auditing firms.

The guidance should outline somewhat detailed, but not explicit templates to use for various organizational sizes.

Jonathan Otto  
2007 Candidate for CPA Exam  
University of Wisconsin at La Crosse  
jonathan@jonathanotto.com