

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

Re: File Number S7-25-06

Dear Ms. Morris,

I would like to take this opportunity to formally submit my comments for consideration at the roundtable on Management's Report on Internal Control Over Financial Reporting.

This guidance is a good step in the right direction allowing management in smaller companies to have limited documentation while still obtaining evidence about the effective operation of controls from on-going monitoring activities.

The SEC estimated implementation costs of 404 to average only \$57,000. In reality, many public companies are spending over millions of dollars. I feel that some adjustments need to be executed to greatly reduce the costs associated with compliance without losing the Act's effectiveness.

I suggest the following items to be taken into consideration:

Year-end testing updates- Companies and their external auditors are required to report on the effectiveness of the system of internal controls at the end of the fiscal year. However, this leads to numerous amounts of testing at year-end rather than institutionalizing these tests on an interim basis. The proposal appears to expect that Management will reduce the amount of testing completed to ensure internal controls are working effectively.

External Auditors- To avoid unnecessary duplication of effort and cost, the SEC and PCAOB should modify Accounting Standard NO. 2 to allow external auditors to place greater reliance on the work of the internal audit function. It is not necessary to duplicate the work already performed by a fully competent and independent internal audit staff.

Risk Assessments- When determining the extent and nature of documentation and testing, risk assessment should take on a considerably higher weighting. External auditors have been focused on testing detailed controls that have low levels of risk to ensure they meet current standards. I believe the effort should be focused on an entity's general control environment, critical controls that affect the most significant accounts, and non-routine processes that can directly affect the financial statements. The time and energy spent on SOX requirements are considerable.

The bottom line is that the objectives of the SOX Act can be met without crippling businesses with increased time and expense. Flexibility in the processes should be allowed if a company has demonstrated it has strong corporate governance practices,

experienced management, no history of audit adjustments, and has not been subject to regulatory investigations related to its financial reporting processes.

Thank you for the opportunity to offer my comments regarding management's control over financial reporting. Please do not hesitate to contact me regarding this letter.

Regards,

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University of Wisconsin- La Crosse