February 21, 2007

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

Re: File Number S7-25-06

Dear Ms. Morris,

Being a student learning about Sarbanes Oxley and Public Company Accounting Oversight Board for the first time and seeing all the gray areas out in the Accounting world with Internal Control, it appears that we are beginning to care about making the right decisions looking at the proposed Sox 404 applications. Unlike some professions, not everything we do is set in stone, right and wrong; there are so many possibilities as to how we handle situations and we can see this everyday with internal control. With so many different possibilities, the implementation of rules will make consistency a bit more of a possibility no matter how different the companies.

From my knowledge it seems that being a small firm and dealing with internal controls right now is tough because of the complex nature and high costs associated with completing the annual evaluation of internal controls over financial reporting. The new top-down, risk-based approach seems as if it will be a better way of going about the task. My only concern deals accuracy and reliability of financial reporting; effectively and efficiently speaking, companies will be fine but, doing a risk-based approach, only the riskiest events will catch the eye of management and outside auditors.

Is it not possible for something to start small but in no time grow large enough to kill an entire company? Despite the very small chance that this occurs, this implementation will be for the good because it gives a framework for management to look at their controls, and see what needs to be changed, improved upon, or is good exactly the way it is.

The implementation of this risk-based evaluation seems to be good thus far but when management finds weaknesses, it might be hard to assess the right amount of risk. For the most part it seems as if management and the outside auditors that come in will be focusing on improving the controls that bear the most amount of risk and this judgment will be made by management.

Management decides which controls are creating the largest threat but not all managers are experts with every control! If there is insufficient evidence about why management has chosen to fix the problems being chosen then this may result in an outcome that is worse than before so in order to be sure the right controls are being fixed, proper evidence is a must.

Lastly I'm under the assumption that this new application of the top-down, risk-based evaluation is more for the smaller companies, but the only thing I have concerns about how will management know when to be considered a smaller corporation? I assume that this new application can be used on larger companies but there has to be better, less complicated procedures for them to follow so I feel that the proposed applications should be broad enough to include direction for both large and small corporations.

Yours truly,

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