February 19, 2007

Re: Management's Report on Internal Control Over Financial Reporting
File No.: S7-24-06

Dear Commissioners,

Each company has different procedures to get tasks done on time. These new regulations do not provide specific guidance concerning the evaluations. The proposed regulations recognize that the methods of conducting evaluations of internal control over financial reporting *should* differ from company to company. This will allow companies not to focus on one single methodology. Management will now have the flexibility to design an evaluation process that will work most effectively for them. The one question I have on this is; how easy will it be to evaluate the effectiveness of company's internal controls when they will be using different evaluation procedures?

Companies should not be considered large or small based on revenue, but more appropriately based on the number of employees in a firm. Even if you are the CEO of a "small" company there is no way to know everything that goes on within it. Companies now have a variety of documents, including e-mails to save. Shredding post-Enron is a dubious, almost nefarious activity. Top executives will now have to stand behind their words, without being able to play the he-said, she-said game as in the Enron defenses. In other words ignorance is no longer a defense.

If a company is a high-risk company, more testing is needed than compared to a low-risk company. Ineffective and effective internal controls would be identified. If effective internal controls could cover more than one risk area, it would cut down on the amount of time and money used on the internal audit.

The new proposed rules are designed to reduce fraud. Shouldn't more effort be put forth with the new standards right away to reduce the amount of fraud, rather than having to issue new, stricter standards in the future?

Respectfully submitted,

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