

ALLTEL CORPORATION

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April 1, 2005

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street NW
Washington, DC 20549-0609

Re: File reference 4-497

Dear Mr. Katz,

ALLTEL Corporation (“ALLTEL” or the “Company”) appreciates this opportunity to comment on the Company’s experience implementing the new internal control reporting requirements under Section 404 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”). ALLTEL is a Fortune 500, customer-focused communications company with more than 12 million customers and \$8 billion in annual revenues. ALLTEL provides wireless, local telephone, long-distance, Internet and high-speed data services to residential and business customers in 26 states.

ALLTEL supports Sarbanes-Oxley and the rules adopted by the Commission requiring companies that file annual reports with the Commission to report on management’s responsibilities to establish and maintain adequate internal control over the company’s financial reporting process, as well as management’s assessment of the effectiveness of those internal controls. There have been several positive impacts with regard to the implementation of Sarbanes-Oxley. The Company’s documentation of its policies and procedures has improved, and formalizing the management review process has improved accountability. However, we have the following concerns:

1. Formal minimum guidelines for management’s assessment of internal control have not been defined. The Public Company Accounting Oversight Board’s (“PCAOB”) Auditing Standard No. 2 has provided detailed guidance to the audit firms on the level and scope of testing that the auditors must perform. In the absence of formal guidelines governing management’s testing, the public accounting firms have established their own minimum standards and dictated the scope of testing required prior to issuing an opinion on management’s assessment of the effectiveness of internal controls over financial reporting. This approach has led to duplicative processes and in many cases, to management, internal audit and the external auditors performing the same tests on the same processes and transactions. Through discussions with peers in our industry, it is our understanding that there is not a consistent approach between the public accounting firms or even within different offices of the same firm. Consequently, there is a vast diversity among the type and level of testing required of management not only among industries, but also among companies within the same industry.
2. The requirements of Auditing Standard No. 2 should be more clearly defined to reduce the level of testing to be in line with legislative intent. A committee report which accompanied Sarbanes-Oxley states, “...the Committee does not intend that the auditor’s evaluation be the subject of a separate engagement or the basis for increased charges or fees.” Similar to other publicly traded companies, ALLTEL reported a significant increase (over 100%) in audit fees in 2004 as compared to 2003 and internally spent over 57,000 hours complying with Sarbanes-Oxley. In particular, we believe that the public accounting firms’ interpretation of the PCAOB guidelines does not allow for the synergies that should be obtained from the interaction of increased controls testing and financial statement audits. It

has been our experience that the public accounting firms have simply increased the scope of their testing of internal controls over financial reporting, without considering whether that work can then be relied upon to reduce the level of testing required for their financial statement audit. In addition to the lack of coordination between the assessment of the effectiveness of a company's internal controls and the fair presentation of its financial statements, as interpreted by the public accounting firms, the guidelines established by the PCAOB do not seem to take into consideration previous testing results. Therefore, as we enter the second year of implementation, neither companies nor the public accounting firms are realizing significant benefits of reduced testing levels, and by extension, reduced audit fees.

In order to address these concerns, we would like the PCAOB to review 2004 audits in a timely manner, including the interpretive guidelines developed by the firms, and reconsider the requirements of Auditing Standard No. 2 to allow for the lessons learned from the inaugural year of reporting under Sarbanes-Oxley. Specifically, we would like to see the following steps taken:

- A cyclical testing approach where key controls are tested on an annual basis while controls previously identified as effective and low risk based on solid testing results are tested on a rotational basis should be allowed. Although we recognize that the annual internal control assessment must stand on its own as prescribed by the SEC reporting rules and Auditing Standard No. 2, we believe that a risk assessment process should be considered when determining the timing and extent of testing of key controls. For example, for control areas previously determined to be lower risk, the key controls could be confirmed through the walk-through process on an annual basis and tested on a two to three year rotational basis.
- Greater emphasis should be placed on entity-level testing, which would ensure that time is being spent appropriately in more critical areas where corporate malfeasance is more likely to occur. It is difficult for us to see how auditing at an account-level detail can be effective in preventing fraud or improving the accuracy and reliability of corporate disclosures.
- The PCAOB should address the interaction between testing of internal controls required by Sarbanes-Oxley and the testing necessary to issue an opinion on the fair presentation of financial statements. It is our hope that in their review of the public accounting firms, the PCAOB will include a review of how the firms can further integrate their internal controls testing with their audit work to reduce the current duplicate level of testing.

We appreciate the opportunity to provide comments on this important issue, and your consideration of our comments.

Sincerely,

Sharilyn Gasaway
Controller