



1502 E. Walnut
Seguin, Texas 78155

April 29, 2004

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

Re: SEC Release No, 34-49544; File No. PCAOB-2004-03

Dear Mr. Katz:

Section 404 of Sarbanes-Oxley requires that public accounting firms attest to and report on an assessment of internal control made by management. We believe management's assessment has value, and the public good is well served by ensuring their assessment has substance.

In issuing this proposed standard the PCAOB suggests that it is neither possible nor desirable to determine if management's assessment has substance without first performing a full audit of internal control. This proposed audit is to be largely in addition to management's assessment, "... so that the auditor's own work provides the principal evidence for the auditor's opinion" (paragraph 108). Further, this proposed audit is to have little or no value to management, since "management cannot use the auditor's procedures as part of the basis for its assessment . . ." (paragraph 41). The proposed audit of internal control is clearly intended to be parallel to and redundant with management's assessment.

The fact that an additional, redundant audit goes beyond the requirements of Sarbanes-Oxley was repeatedly cited in nearly 200 comment letters the PCAOB received in response to its initial proposal. Other common themes in these letters included the extremely high cost of compliance as well as the detrimental effect this high cost would have on small issuers and American businesses that compete globally. Nevertheless the PCAOB elected to forward their proposal to the SEC without substantive change.

We urge the SEC to reconsider the issues raised in those comment letters. We suggest the proposed requirements be made consistent with Sarbanes-Oxley and therefore only include matters concerning the external auditor's evaluation of management's assessment (essentially the three paragraphs 40 – 42). Additionally we ask the SEC to reconsider the effective date of these requirements. As currently proposed, calendar year issuers will have roughly six months remaining in 2004 to test controls over all relevant assertions related to all significant accounts at all significant subsidiaries all over the world. Twice. Poorly planned or executed work of this magnitude may have unintended results.

Again, we believe management's assessment of internal control has value, and the public good is well served by ensuring their assessment has substance. We do not believe the PCAOB proposal offers a reasonable, cost-effective approach to achieving these objectives.

Respectfully submitted,

Dennis M. Stevens
Internal Auditor