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January 20, 2006

Jonathan G. Katz, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

File No. PCAOB-2005-01
Notice of Filing of Proposed Rule on Auditing Standard No. 4,
Reporting on Whether a Previously Reported Material Weakness Continues to Exist
Release No. 34-52990

Dear Mr. Katz:

KPMG LLP appreciates this opportunity to comment on the Securities and Exchange Commission's (Commission) proposed rule on the Public Company Accounting Oversight Board's Proposed Auditing Standard No. 4, *Reporting on Whether a Previously Reported Material Weakness Continues to Exist* (Proposed Standard). We support approval of the proposed rule and issuance of the Proposed Standard in final form.

We fully support the Commission's efforts to improve financial reporting, corporate governance and audit quality with the objective of furthering the public interest and restoring confidence in our capital markets system. We believe that the Proposed Standard provides guidance appropriate for auditor execution of a voluntary engagement to report on whether a previously reported material weakness continues to exist, and guidance relative to auditor considerations when evaluating the propriety of management's related report.

However, we believe that issuer guidance would be helpful in facilitating public dissemination of management's and auditors' reports on whether a previously reported material weakness continues to exist. Specifically, we suggest that the Commission provide guidance on the following:

- The form and content of management's report;
- Acceptable Securities Exchange Act of 1934 forms for use in filing management's and the auditors' reports (e.g., Form 8-K, Form 10-K, Form 10-Q, Form 20-F);



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- Appropriate item numbers within the acceptable forms to use when filing management's and the auditors' reports;
- The acceptability of including management's report asserting that an identified material weakness no longer exists in the issuer's filing that also includes management's original disclosure of such material weakness in internal control over financial reporting;
- The acceptability of a management report that combines management's original disclosure of a material weakness in internal control over financial reporting with management's subsequent assertion that such material weakness does not exist as of a later date; and
- Whether a Form 8-K used to submit management's and the auditors' reports should be filed or furnished.

In addition, we believe that the Commission should stipulate that management's report asserting that an identified material weakness no longer exists, when submitted to the Commission, is not required to be included in registration statements filed under the Securities Act of 1933.

We believe that guidance relative to the above-mentioned matters would assist issuers in meeting the Commission's expectations when filing reports on whether an identified material weakness in internal control over financial reporting continues to exist. If you have questions or comments regarding information included in this letter, please do not hesitate to contact Sam Ranzilla at (212) 909-5837 or via email at sranzilla@kpmg.com, or Craig Crawford at (212) 909-5536, via email ccrawford@kpmg.com.

Very truly yours,

KPMG LLP