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Comments to SEC on SOX – File Number S7-06-03

I am currently assisting non-accelerated filers in their efforts to become SOX compliant, and am very encouraged with the recent SEC efforts to make Sect. 404 a realistic goal for these companies. The extension to DEC. 2007 for the management report and DEC. 2008 for the auditor's attestation are what was needed. This extension allows the cost of compliance to be spread over at least a year for most non-accelerated filers. However, the lack of certainty regarding when a filer should start their compliance project, and begin investing money, partially offsets the potential cost benefits granted by this extension since they may not have a full year available after the SEC guidance is released. On the other hand, since the SEC guidance will never be "final" continuing to extend deadlines again and again may prevent many companies from ever starting.

My recommendation is to require the financial reporting foundation work be completed, as a minimum, by December 2007. This basic foundation would consist of process flow charts and descriptive narratives of how they presently process transactions and report financial information to the SEC. For a small company this cost is relatively small since the process is usually uncomplicated and easy to define. This allows the company to move forward without incurring costs associated with "remediation", or "controls design and testing", or "Internal auditing", and yet provides the basis for all future compliance work. Regardless of the steps involved in the pending SEC guidance, this understanding of workflow will be basic to any compliance effort.

Documenting existing workflows allows filers to get a significant and labor intensive part of compliance done within the present extension time period without paying a premium to meet an unrealistic deadline. This reduces the total cost of section 404 compliance - even if the time remaining for compliance is less than a year when the SEC guidance is released.

Sincerely

James Finn