

March 3, 2008

Via Electronic Mail

Nancy M. Morris
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers (SEC file No. S7-06-03)

Dear Ms. Morris,

I first would like to thank you for giving me this opportunity to comment and discuss the proposed rule of allowing more time for non-accelerated filers (small businesses and corporations with small assets) to prepare and to comply with Section 404, more specifically the auditors attestation report, of the Sarbanes – Oxley Act of 2002.

I praise the Securities and Exchange Commission for creating a law, the Sarbanes – Oxley Act of 2002, which will hopefully regain the trust of the public. In today's fast paced and technological society, it is important to implement strict yet flexible internal control activities in publicly traded companies to ensure that financial reporting [of the entity] is not distorted or biased in any way. This act is clearly the outcome of the Enron scandal and others that caused several stakeholders to lose thousands and millions of invested dollars.

In regards to the extension of the auditors' attestation requirement for non-accelerated filers, I find it completely appropriate to postpone this requirement for at least one year or as long as it takes to ensure this requirement is effective and beneficial for the entity and investors. The main reason for the extension is to ensure that the additional costs associated with SOX would not exceed the gained benefits. It is an exceptional idea by the SEC to conduct a study to determine if the auditors attestation requirement is cost-effective for large corporations before forcing small, non-accelerated corporations to incur superfluous compliance costs. As stated in the proposal, this extension allows non-accelerated filers more time to modify their audit methodology of internal control for financial reporting. This allows auditors more time to align and meet the requirement of Auditing Standard No. 5 that replaces Auditing Standard No. 2. AS No. 5 is less "prescriptive" and allows an auditor to be more flexible in determining which internal control tests are needed based on the risks of the firm. The financial reporting audit will now be examining the effectiveness of internal controls instead of just the success of management's process.

Investors will have to wait a longer period of time before gaining accurate insight of a non-accelerated filer if the proposed amendments and rule is granted. According to an article by KPMG, there are significant differences between an internal control examination and a financial

statement audit. The main purpose of a financial statement audit is to ensure that the financial statements are presented fairly and follow GAAP. On the other hand, an internal control audit is performed to ensure that the corporation has maintained effective internal controls and procedures from the initial “transaction phase” all the way to the financial reporting process. Investors of the smaller non-accelerated filers will have to use the skills and intuitions they have been using since their initial investment. Looking at the financial statements and comparing to previous years is probably one of the best ways to evaluate the performance and success of a corporation.

In the long run, I believe that extending the date to require non-accelerated filers to include the auditor’s attestation in the financial reporting process will help make section 404 of the Sarbanes – Oxley Act of 2002 more efficient and effective. This time period allows these types of organizations to collect and determine their risk in accordance to their size in their particular industry, possibly using Enterprise Risk Management (ERM) to complete this process. ERM is a process that is “designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite.”

In conclusion, I am pleased to see that the SEC has taken extra steps and procedures (SOX) in assuring that financial reporting is accurate by not only examining the financial statements, but also examining the internal control processes which leads to financial reporting. I also applaud the SEC in allowing small corporations to “ease” their way into the new processes and procedures [in terms of cost] of internal control auditing.

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