INSTITUTE OF MANAGEMENT ACCOUNTANTS
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September 15, 2006

Nancy M. Morris, Secretary
Securities & Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

RE: File Number S7-11-06- Concept Release Concerning Management's Reports on Internal Control over Financial Reporting

Dear Ms. Morris:

The Financial Reporting Committee (the "Committee") of the Institute of Management Accountants appreciates the opportunity to provide feedback on the United States Securities and Exchange Commission's (the "SEC") *Concept Release Concerning Management's Reports on Internal Control over Financial Reporting* (the "Concept Release").

Overall, the Committee believes compliance with Section 404 of the Sarbanes Oxley Act of 2002 ("Section 404") has been useful in helping to improve controls over financial reporting and disclosure practices of large companies across corporate America. More importantly, the Committee believes Section 404 has helped improve investor confidence. With that said, the Committee believes that the cost of compliance with Section 404 is far greater than the benefits derived from annual Section 404 compliance. We, therefore, applaud the SEC's continued willingness to solicit input and address various concerns of preparers and auditors on this important topic. Within Appendix A, the Committee has responded in detail to the specific questions raised in the Concept Release. Additionally, in the balance of this cover letter, we discuss what the Committee believes to be the major issues surrounding compliance with Section 404 that the Committee believes should be addressed. These issues are discussed under the following major headings: (1) Need for Principles-Based Management Assessment Guidance; (2) Guidance on Scope and Identifying / Testing Key Controls over Financial Reporting; (3) Guidance on Assessing Effectiveness of Information Technology Controls; (4) Guidance on Assessing Effectiveness of Controls over Fraud Prevention; (5) Evaluating Deficiencies Identified; and (6) Public Company Accounting Oversight Board's ("PCAOB") Examination Process.

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1. Need for Principles-Based Management Assessment Guidance

As noted above, the costs of complying with the requirements of Section 404 have been significant across corporate America. Specifically, it is not unusual for large public companies to spend over one hundred thousand hours and several million of dollars to comply with the requirements of Section 404. It has been the experience of the Committee that many of the hours spent by financial statement preparers in complying with the requirements of Section 404 are attributable to what is currently being interpreted to be fairly prescriptive requirements of the PCAOB's Auditing Standard No. 2 ("AS2"). Such prescriptive interpretations not only undermine the efficiency of the assessment process, but in the view of the Committee, can undermine the effectiveness in the long-term as compliance gravitates to a "check-the-box" mentality resulting in form versus substance. Accordingly, the Committee strongly supports the issuance of additional guidance regarding management's annual internal control assessment process and believes such guidance would be helpful and useful to all companies. The Committee believes, however, that it is important that such guidance be principles-based and allow for the exercise of judgment by management in performing the assessment. Additionally, such guidance should include realistic examples, which illustrate the requirements necessary to assess the effectiveness of controls in a risk-based, top-down approach to the assessment process. As an example, it would be helpful if the guidance included practical illustrations on the use of higher/company level controls other than control activities to reduce the extent of testing at the control activity level. In addition, the Committee believes that it is important for any additional guidance to be sensitive to the existing investment in time and systems made by many companies in support of their current assessment processes.

It is our understanding that the SEC plans to issue new guidance in the form of an SEC rule and that AS2 would be revised by the PCAOB to be consistent with this rule. It is critical that the SEC and PCAOB guidance are in alignment. Any differences will result in the auditors continuing to require companies to fulfill the PCAOB requirements in support of their audit process. The Committee believes this is a reasonable approach provided that such final rules can be issued in time to be incorporated into the planning for the 2007 assessment process. In the event the SEC does not believe that a rule can be issued in sufficient time to be incorporated into next year's planning process, the Committee would recommend that the SEC issue interpretative guidance (again in time for planning the 2007 assessment process) dealing with the most significant issues identified in responses to the Concept Release. After seeing how such interpretative guidance is working, the SEC could issue a formal SEC rule which incorporates such guidance along with any modifications deemed necessary given the experience that is observed.

2. Guidance on Scope and Identifying / Testing Key Controls over Financial Reporting

Scoping of Significant Accounts and Information Streams

The May 2005 PCAOB guidance encouraged use of a risk-based, top-down approach to determine the scope of significant accounts and information streams to be tested. Notwithstanding the encouragement to use a risk-based, top-down approach, the Committee believes in practice that registrants and auditors are interpreting that a minimum coverage of 70-80% of the financial statement accounts and information is required to achieve an effective assessment process. As a result, the Committee observes that a substantial amount of time is spent documenting, testing and evaluating operating effectiveness in areas that are high dollar values but yet low risk. Such a mechanical interpretation causes disproportionately less time to be allocated to higher risks accounts and information streams (e.g., related party relationships and controls over fraud prevention). In addressing this issue, the Committee believes guidance should be issued which makes clear the need for a risk-based approach to assess internal controls over financial reporting. Such approach should clearly articulate that there is no required minimum coverage percentage and should include illustrations that show how both quantitative and qualitative factors impact the scope of significant accounts and information streams tested.

Identifying and Testing Key Controls over Financial Reporting

The Committee noted that, during the first two years of performing assessment of internal controls over financial reporting, a significant amount of time and effort was devoted to testing controls whose risks of not operating effectively is fairly low. Similarly, the Committee noted that the nature, timing and extent of testing of key controls was not altered even if there were strong entity-wide controls (e.g., existence of strong internal audit program, performance of detailed financial statement analyses) that reduced the risk to a fairly low level that such controls were not operating effectively. For these reasons, the Committee believes preparer management and auditors would benefit from a clear understanding of the attributes that make controls "key". Such guidance should be risk-based and provide practical examples illustrating acceptable ways of identifying the relevant control activities to be tested and the nature, timing and extent of testing to be performed after factoring in complementary and mitigating entity-wide controls and historical experience with the control. Further, the Committee believes that the risk profile of a key control is mitigated by successful execution and testing in a prior year, and as a result, should be considered in the current year planning. Moreover, we believe any management guidance issued should clarify that internal controls can be tested throughout the year (as opposed to solely at year-end) and still support the operating effectiveness at the reporting date.

3. Guidance on Assessing Effectiveness of Information Technology Controls

As you are aware, most registrants use the COSO framework for assessing the effectiveness of internal controls over financial reporting. Since COSO does not provide any specific guidance relating to the nature and extent of testing of information technology ("IT") controls, the Committee members have found that this is an area that is open to varying interpretations. In particular, registrants and auditors are spending a significant amount of time documenting and testing IT general controls (and application controls) even though past experience has shown these controls are effective and pose low risk as it relates to a misstatement of financial reporting. For example, consider system access controls over a network housing significant computer applications. Assume that the control in place was that all terminated employees were required to be taken off of the network within 3 days of termination. Also assume that testing of this control identified that users were able to access the network subsequent to the 3-day period. While such deficiency in the operation of this control may need to be addressed as a business operations matter, we do not believe this type of deficiency is significant from a financial reporting standpoint. Specifically, if this were the type of deficiency noted there would typically be a number of compensating controls (e.g., physical access is limited, manual account analyses and reconciliations are performed) such that the risk of material financial reporting misstatement occurring attributable to this type of control deficiency is low. However, it is the experience of Committee members that in the past two years a significant amount of time and effort has been spent in testing and analyzing these issues from a Section 404 assessment perspective.

As a result of the above observation, the Committee would strongly support the issuance of additional guidance regarding management's assessment of the effectiveness of IT controls. The Committee believes such guidance should address the identification of key IT controls (both general and application) and address the nature and extent of IT control testing. In addressing the nature and extent of testing IT controls, the guidance should stress the exercise of management judgment and have a risk-based focus considering such factors as the cumulative knowledge (i.e., past experience) of the functionality of the IT control, the inherent risks associated with the functionality of the control and any mitigating/compensating controls.

(4) Guidance on Assessing Effectiveness of Controls over Fraud Prevention

In looking back at many of the corporate scandals that occurred in recent years, they were attributable to fraudulent behavior on the part of key senior personnel. COSO does not provide any guidance to registrants on the objectives, nature or extent of testing to be done on controls over fraud prevention. The formal guidance that some companies are using (*"Management Anitfraud Programs and Controls"*) has been published for auditors by the American Institute of Certified Public Accountants as an exhibit to Statement on Auditing Standards No. 99, *"Considerations of Fraud in a Financial Statement Audit."*

While the Committee believes this guidance is sufficient it would be helpful if the SEC and PCAOB acknowledge that this is an example of appropriate guidance for preparer management to consider in assessing fraud.

(5) Evaluating Deficiencies Identified

The current language in AS2 states that a significant deficiency exists if "there is more than a remote likelihood that a misstatement of the Company's annual or interim financial statements that is more than inconsequential will not be prevented or detected." As a result of this language, there is an inordinate amount of time spent on evaluating the implications of any deficiencies found - even though professional judgment would tell you that certain deficiencies are not significant. Similarly, the Committee believes this language is resulting in an extremely low materiality threshold, which, in turn, has resulted in significant transactional testing of lower-risk controls.

The Committee recommends that, as part of the guidance to be issued by the PCAOB, the definition of a significant deficiency be amended to follow more traditional materiality definitions that consider both quantitative and qualitative factors and provide for the exercise of professional judgment. Additionally, such definition should be based on annual rather than quarterly financial data.

(6) PCAOB Examination Process

While the issuance of new guidance in the areas noted above will enhance the efficiency and effectiveness of management's assessment process, the Committee believes equally important to the execution of the process is the execution of the PCAOB inspection process. In this regard, it is important to recognize that the PCAOB field inspections set the tone and may have a significant impact on how auditing firms interpret and apply AS2. Said differently, it is important that the actions of the PCAOB inspection teams match the spirit of any guidance that is issued. Accordingly, the inspection teams must have a balanced view that respects reasoned judgments made by both management and the auditors of registrants. While it is still too early to predict what benefits will come out of this, we are encouraged by the PCAOB's approach to 2006 inspections (on 2005 filings) of internal control audits as outlined in its May 1st, 2006 statement; specifically, that the inspections will focus on the "efficiency" of the audit firms implementation of Section 404 in light of the 2005 PCAOB and SEC guidance. Without a measured approach to the inspection process, the Committee believes that any guidance issued by the SEC and the PCAOB will be undermined as registrants and auditors have been and will continue to be overly cautious in making judgments because of the fear of being second guessed in the PCAOB inspection process.

Finally, in an effort to advance the discussions on this important topic, the IMA, the sponsoring organization of the FRC, is developing proposed risk-based implementation guidance which it believes can be used in conjunction with several global internal controls frameworks in assessing the effectiveness of internal controls over financial reporting. Such proposed guidance, which the IMA indicates is based on market experience and research, will be submitted to the SEC in draft form as a separate comment letter. However, since the IMA guidance is still under development at the time we are submitting this letter to the SEC, the FRC has not reviewed the IMA guidance.

Again we appreciate the opportunity to provide feedback to the SEC on the Concept Release and would be pleased to answer any questions that you have. I can be reached at (212) 484-6680.

Very truly yours,

Pascal Desroches
Chair, Financial Reporting Committee

1. Would additional guidance to management on how to evaluate the effectiveness of a company's internal control over financial reporting be useful? If so, would additional guidance be useful to all reporting companies subject to the Section 404 requirements or only to a sub-group of companies? What are the potential limitations to developing guidance that can be applied by most or all reporting companies subject to the Section 404 requirements?

Additional principles based guidance would be useful on how to evaluate the effectiveness of internal controls over financial reporting. As facts and circumstances over control structures determined to be appropriate will differ among industries, size and complexity of organizations, principles-based guidance is recommended to provide companies with the necessary flexibility for its application.

2. Are there special issues applicable to foreign private issuers that the Commission should consider in developing guidance to management on how to evaluate the effectiveness of a company's internal control over financial reporting? If so, what are these? Are such considerations applicable to all foreign private issuers or only to a sub-group of these filers?

We do not have a comment with respect to issues associated with foreign private issuers.

3. Should additional guidance be limited to articulation of broad principles or should it be more detailed?

The Committee believes that guidance should be principles based. However, it would not be sufficient to only have broad-principles as these would need to be supplemented with practical examples illustrating acceptable applications. See also response to question number 1.

4. Are there additional topics, beyond what is addressed in this Concept Release, that the Commission should consider issuing guidance on? If so, what are those topics?

No additional topics identified for discussion.

5. Would additional guidance in the format of a Commission rule be preferable to interpretive guidance? Why or why not?

It would seem to the Committee that a rule can not be issued in sufficient time to be incorporated into next year's planning process; therefore, we would recommend that the SEC issue interpretative guidance (in time for planning the 2007 assessment process) dealing with the most significant issues identified in responses to the Concept Release. After seeing how such interpretative guidance is working, the SEC could issue a formal SEC rule which incorporates such guidance along with any modifications deemed necessary given the experience that is observed.

6. What types of evaluation approaches have managements of accelerated filers found most effective and efficient in assessing internal control over financial reporting? What approaches have not worked, and why?

As process level management are responsible for the controls, management self-assessment increases ownership and control consciousness throughout the organization. This self-assessment is validated by periodic monitoring procedures performed by an internal controls group and the internal audit department.

7. Are there potential drawbacks to or other concerns about providing additional guidance that the Commission should consider? If so, what are they? How might those drawbacks or other concerns best be mitigated? Would more detailed Commission guidance hamper future efforts by others in this area?

Overly prescriptive guidance could undermine the progress and significant investment that companies have made in their current programs, especially those mature programs that have been well thought-out and agreed to with their auditors. In this regard, the Committee believes that it is important that any new guidance issued be principle-based and allow for the exercise of judgment by management in performing the assessment. Additionally, such guidance should include realistic examples, which illustrate the requirements necessary to assess the effectiveness of controls in a risk-based, top-down approach to the assessment process. As an example, it would be helpful if the guidance included practical illustrations on the use of higher/company level controls other than control activities to reduce the extent of testing at the control activity level.

8. Why have the majority of companies who have completed an assessment, domestic and foreign, selected the COSO framework rather than one of the other frameworks available, such as the Turnbull Report? Is it due to a lack of awareness, knowledge, training, pressure from auditors, or some other reason? Would companies benefit from the development of additional frameworks?

We believe that many reporting companies had previously implemented various objectives of COSO. As such, to become familiar with other available frameworks in order to evaluate their potential use would have been inefficient. Although we are not opposed to the development of other frameworks, we would be concerned if, as a result, COSO would no longer be allowed for future assessments. We also believe that the objectives identified in COSO allows for sufficient flexibility.

9. Should the guidance incorporate the May 16, 2005 "Staff Statement on Management's Report on Internal Control Over Financial Reporting"? Should any portions of the May 16, 2005 guidance be modified or eliminated? Are there additional topics that the guidance should address that were not addressed by that statement? For example, are there any topics in the staff's "Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports Frequently Asked Questions (revised October 6,

2004)" that should be incorporated into any guidance the Commission might issue?

All areas of the May 16, 2005 Staff's statement should be incorporated in the guidance. Practical guidance and examples on the use of higher/company level controls other than control activities to reduce the extent of testing at the control activity level. As noted in the cover letter, we believe additional guidance on assessing the effectiveness of IT controls would be helpful.

10. We also seek input on the appropriate role of outside auditors in connection with the management assessment required by Section 404(a) of Sarbanes-Oxley, and on the manner in which outside auditors provide the attestation required by Section 404(b). Should possible alternatives to the current approach be considered and if so, what? Would these alternatives provide investors with similar benefits without the same level of cost? How would these alternatives work?

An alternative to the auditors' current procedures would be to continue to have the auditor report on the effectiveness of the systems of internal controls over financial reporting but not require the auditors to report on management's assessment process. Under this approach the auditors would still be in a position to identify significant deficiencies and material weaknesses.

11. What guidance is needed to help management implement a "top-down, risk-based" approach to identifying risks to reliable financial reporting and the related internal controls?

Guidance on assessing effectiveness of IT Controls. Also, see answers to question 1 and 3 above.

12. Does the existing guidance, which has been used by management of accelerated filers, provide sufficient information regarding the identification of controls that address the risks of material misstatement? Would additional guidance on identifying controls that address these risks be helpful?

The Committee noted that, during the first two years of performing assessment of internal controls over financial reporting, a significant amount of time and effort was devoted to testing controls whose risks of not operating effectively is fairly low. Similarly, the Committee noted that the extent of testing of key controls was not altered even if there were strong entity-wide controls (e.g., existence of strong internal audit program, performance of detailed financial statement analyses) that reduced the risk to a fairly low level that such controls were not operating effectively. For these reasons, the Committee believes preparer management and auditors would benefit from a clear understanding of the attributes that make controls "key". Such guidance should be risk-based and provide practical examples illustrating acceptable ways of identifying the relevant control activities to be tested and the nature and extent of testing to be performed after *factoring in complementary and mitigating entity-wide controls and historical experience with the control.*

13. In light of the forthcoming COSO guidance for smaller public companies, what additional guidance is necessary on risk assessment or the identification of controls that address the risks?

We do not have a view with respect to issues associated with smaller public companies.

14. In areas where companies identified significant start-up efforts in the first year (e.g., documentation of the design of controls and remediation of deficiencies) will the COSO guidance for smaller public companies adequately assist companies that have not yet complied with Section 404 to efficiently and effectively conduct a risk assessment and identify controls that address the risks? Are there areas that have not yet been addressed or need further emphasis?

We do not have a view with respect to issues associated with smaller public companies.

15. What guidance is needed about the role of entity-level controls in evaluating and assessing the effectiveness of internal control over financial reporting? What specific entity-level control issues should be addressed (e.g., GAAP expertise, the role of the audit committee, using entity-level controls rather than low-level account and transactional controls)? Should these issues be addressed differently for larger companies and smaller companies?

See response to question number 7.

16. Should guidance be given about the appropriateness of and extent to which quantitative and qualitative factors, such as likelihood of an error, should be used when assessing risks and identifying controls for the entity? If so, what factors should be addressed in the guidance? If so, how should that guidance reflect the special characteristics and needs of smaller public companies?

We believe that quantitative and qualitative factors not only impact the risk assessment process but further impact the nature, timing and extent of testing that needs to be performed in order to report on the effectiveness of internal controls over a particular area. For example, even though an area may produce material financial results, the fact that a routine process is determined to be low risk, it may be sufficient to use higher/company level controls (e.g., sufficient human resources, proper segregation of important functions, little to no history of adjustments, predictability of financial results, relationship with other accounts and processes, use of the results of other compliance programs, internal audit and other monitoring procedures) to significantly reduce the extent of testing on detailed control activities (e.g., limit testing to high assurance controls such as reconciliations).

17. Should the Commission provide management with guidance about fraud controls? If so, what type of guidance? Is there existing private sector guidance that companies have found useful in this area? For example, have companies found the 2002 guidance issued by the AICPA Fraud Task Force entitled "Management Antifraud Programs and Controls"

The Committee believes that the AICPA guidance noted is sufficient; however, it would be helpful if the SEC and PCAOB acknowledge that this is an example of appropriate guidance for preparer management to consider in assessing fraud.

18. Should guidance be issued to help companies with multiple locations or business units to understand how those affect their risk assessment and control identification activities? How are companies currently determining which locations or units to test?

Principles-based guidance in this area would be helpful as this has been an area of varying interpretations over acceptable approaches. Some companies have developed a "tier" concept based on the relative size, business nature, volume of activity and risk of the location. The nature, timing and extent of testing results from this determination.

19. What type of guidance would help explain how entity-level controls can reduce or eliminate the need for testing at the individual account or transaction level? If applicable, please provide specific examples of types of entity-level controls that have been useful in reducing testing elsewhere.

See responses to question number 7 and question number 16.

20. Would guidance on how management's assessment can be based on evidence other than that derived from separate evaluation-type testing of controls, such as on-going monitoring activities, be useful? What are some of the sources of evidence that companies find most useful in ongoing monitoring of control effectiveness? Would guidance be useful about how management's daily interaction with controls can be used to support its assessment?

We believe that guidance in this area would be useful. Guidance by way of examples would be useful in areas where the nature, extent and timing of testing can vary from year to year (e.g., low risk routine areas). There are many cases where although documentation may not exist to evidence that controls have operated, the process can't move forward without the operation of a control. In addition, certain segregation of functions themselves constitutes controls by their structure and therefore would not require further evidence.

21. What considerations are appropriate to ensure that the guidance is responsive to the special characteristics of entity-level controls and management at smaller public companies? What type of guidance would be useful to small public companies with regard to those areas?

We do not have a comment with respect to issues associated with smaller public companies.

22. In situations where management determines that separate evaluation-type testing is necessary, what type of additional guidance to assist management in varying the nature and extent of the evaluation procedures supporting its assessment would be helpful? Would guidance be useful on how risk, materiality, attributes of the controls themselves, and other factors play a role in the judgments about when to use separate evaluations versus relying on ongoing monitoring activities?

See responses to question number 16 and question number 20.

23. Would guidance be useful on the timing of management testing of controls and the need to update evidence and conclusions from prior testing to the assessment "as of" date?

We believe that existing guidance is sufficient in this area.

24. What type of guidance would be appropriate regarding the evaluation of identified internal control deficiencies? Are there particular issues in evaluating deficient controls that have only an indirect relationship to a specific financial statement account or disclosure? If so, what are some of the key considerations currently being used when evaluating the control deficiency?

Guidance in this area would be helpful as currently there are no criteria or framework specifically adopted by the SEC. In particular, evaluating the impact of deficiencies in the general computer control area would be useful, as they do not directly impact the financial statements. Guidance on the appropriate level to perform the evaluation of deficiencies (i.e. at the control level or at the topic level (security, change management, etc.)).

25. Would guidance be helpful regarding the definitions of the terms "material weakness" and "significant deficiency"? If so, please explain any issues that should be addressed in the guidance.

The current language in AS2 states that a significant deficiency exists if "there is more than a remote likelihood that a misstatement of the Company's annual or interim financial statements that is more than inconsequential will not be prevented or detected." As a result of this language, there is an inordinate amount of time spent on evaluating the implications of any deficiencies found - even though professional judgment would tell you that certain deficiencies are not significant. Similarly, the Committee believes this language is resulting in an extremely low materiality threshold, which, in turn, has resulted in significant transactional testing of lower-risk controls.

The Committee recommends that, as part of the guidance to be issued by the PCAOB, the definition of a significant deficiency be amended to follow more traditional materiality definitions that consider both quantitative and qualitative factors and provide for the exercise of professional judgment. Additionally, such definition should be based on annual rather than quarterly financial data.

26. Would guidance be useful on factors that management should consider in determining whether management could conclude that no material weakness in internal control over financial reporting exists despite the discovery of a need to correct a financial statement error as part of the financial statement close process? If so, please explain.

We do not believe that guidance in this area is needed.

27. Would guidance be useful in addressing the circumstances under which a restatement of previously reported financial information would not lead to the conclusion that a material weakness exists in the company's internal control over financial reporting?

We do not believe that guidance in this area is needed.

28. How have companies been able to use technology to gain efficiency in evaluating the effectiveness of internal controls (e.g., by automating the effectiveness testing of automated controls or through benchmarking strategies)?

We believe that the benefits associated with technology for the most part are currently outweighed by its cost.

29. Is guidance needed to help companies determine which IT general controls should be tested? How are companies determining which IT general controls could impact IT application controls directly related to the preparation of financial statements?

We believe guidance in this area is necessary. There has been an overemphasis on the area of general computer controls as a result of lack of clarity of the level of testing required, lack of appropriate assessment of risk and companies defaulting to the Control Objectives for Information and related Technology ("COBIT") framework as a supplement to COSO. See cover letter for additional details.

30. Has management generally been utilizing proprietary IT frameworks as a guide in conducting the IT portion of their assessments? If so, which frameworks? Which components of those frameworks have been particularly useful? Which components of those frameworks go beyond the objectives of reliable financial reporting?

Yes. Many companies have used COBIT in varying degrees.

31. Were the levels of documentation performed by management in the initial years of completing the assessment beyond what was needed to identify controls for testing?

If so, why (e.g., business reasons, auditor required, or unsure about "key" controls)? Would specific guidance help companies avoid this issue in the future? If so, what factors should be considered?

During the initial year companies and their accountants prepared more documentation and performed testing on controls that were subsequently deemed not to be key controls. The primary reason includes a lack of guidance as to the required level necessary for management to be able to evaluate the effectiveness of its control structure. Management defaulted to the PCAOB AS2 as guidance. In subsequent periods, management has refined its program to better identify those controls that are deemed to be key controls along with better aligning the nature, timing and extent of testing with the associated risk. However, there continues to be room for improvement in this area.

32. What guidance is needed about the form, nature, and extent of documentation that management must maintain as evidence for its assessment of risks to financial reporting and control identification? Are there certain factors to consider in making judgments about the nature and extent of documentation (e.g., entity factors, process, or account complexity factors)? If so, what are they?

We do not believe guidance is needed in this area.

33. What guidance is needed about the extent of documentation that management must maintain about its evaluation procedures that support its annual assessment of internal control over financial reporting?

We do not believe guidance is needed in this area.

34. Is guidance needed about documentation for information technology controls? If so, is guidance needed for both documentation of the controls and documentation of the testing for the assessment?

We do not believe guidance is needed in this area. See response to question number 29 which address nature and extent of testing.

35. How might guidance be helpful in addressing the flexibility and cost containment needs of smaller public companies? What guidance is appropriate for smaller public companies with regard to documentation?

We do not have a comment with respect to issues associated with smaller public companies.