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Ms. Nancy M. Morris
Secretary, Securities & Exchange Commission
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COSO is committed to providing thought leadership and identifying best practices to address financial reporting fraud risk, enterprise risk management, and effective internal control. We are pleased to respond to the SEC's "*Concepts Release Concerning Management's Reports on Internal Control over Financial Reporting: Proposed Rule*." COSO is dedicated to improving the quality of internal controls in all organizations through the combined support of its five sponsoring organizations (American Accounting Association, American Institute of Certified Public Accountants, Financial Executives International, the Institute of Internal Auditors, and the Institute of Management Accountants). COSO supports the SEC's desire to provide guidance related to the implementation of effective internal control.

COSO applauds the SEC's interest in providing more guidance to management regarding internal control evaluations. Effectively implemented internal control leads to more accurate information for both internal and external decision-makers, ultimately facilitating successful achievement of business objectives. Guidance designed to uniquely assist management in its evaluation and assessment of internal control over financial reporting will lead to more effectively implemented internal control. Thus, we believe that evaluation and assessment guidance designed for management use is appropriate.

We are pleased to provide the following responses to the SEC's Concepts Release.

COSO's GUIDANCE ON INTERNAL CONTROL – EXISTING AND PROPOSED

In July 2006, COSO published implementation guidance entitled, *Internal Control over Financial Reporting – Guidance for Smaller Public Companies,* to assist smaller public companies with their implementation of the COSO *Internal Control – Integrated Framework (*IC Framework*).* Although many of the examples and approaches illustrated in our recently issued guidance are targeted for smaller public companies, COSO believes that the principles underlying internal control, and the attributes of those controls, are applicable for organizations of all sizes and types as they seek to implement the COSO's IC Framework.

COSO believes that its small company guidance will also be useful to the SEC as it considers issuance of internal control assessment guidance for management of public companies. The COSO IC Framework and related small company guidance illustrate how the five internal control components in the IC Framework should be designed and put into operation to provide reasonable assurance that financial statements are free from material misstatement. Consistent with this guidance, COSO believes that the objective of providing 'reasonable assurance regarding the achievement of effective internal control over financial reporting' should be the primary basis for any guidance addressing management's evaluation and assessment of internal control over financial reporting.

While we believe that the small company guidance and related IC Framework should lead to more efficient implementations of internal control over financial reporting, COSO is committed to helping public companies obtain even greater efficiencies in their testing and evaluation of internal control effectiveness. In that vein, COSO anticipates launching a project to provide additional guidance that we believe will make the Sarbanes-Oxley Section 404 management assessment even more efficient.

The anticipated project will largely focus on efficiencies that can be obtained through more effective implementation of the monitoring component of the IC Framework and its relationship to management's Section 404 assessment process. This proposed guidance will clarify the monitoring component of the IC Framework and will identify effective and efficient ways to simultaneously monitor and assess the effectiveness of internal control over financial reporting. We believe that significant efficiencies can be obtained by **not** thinking of management's Section 404 assessment process as a separate process layered on top of the operation of internal controls. Rather, COSO believes that significant efficiencies can be achieved if management integrates into the monitoring component of the IC Framework those controls and processes that will also provide management with sufficient assessment evidence about whether their system of internal control over financial reporting is designed and operating effectively. That is, we believe that effectively designed and implemented monitoring controls can lead to significant reductions in the nature and extent of procedures needed to perform the Section 404 management assessment evaluations. Our goal is to provide guidance that helps organizations better understand effective monitoring implementations.

IMPORTANCE OF MAINTAINING PRINCIPLES-BASED GUIDANCE

COSO's IC Framework and related small company guidance provide a principles-based framework that allows flexibility in approaches as companies design an internal control system tailored to their specific needs. As such, there are many ways in which a company can design their internal control to achieve the desired effectiveness. Similarly, there are different methods for monitoring and assessing that effectiveness. We understand that there has been a call for more specific or prescriptive guidance in evaluating internal control that will provide management with assurance that their decisions will not be questioned. However, COSO believes that the SEC should not enter into any rule making that sets forth a check-list type approach or an approach that is too prescriptive. The choice of which controls to implement should be a matter of management judgment that is best applied in the context of specific circumstances of the company, its environment and related risks related to financial reporting. Flexibility should also be retained in the way a company goes about monitoring or assessing the effectiveness of those controls.

COMMENT ON SARBANES-OXLEY

COSO sought feedback from a number of organizations during the development of its small company guidance. We observe that companies have taken two distinctly different approaches to ensuring compliance with the Section 404 provisions. Some companies view Section 404 responsibilities as a compliance burden and their efforts are based almost solely on documenting controls, remediating controls, and developing evidence for management testing to satisfy the minimum requirements of Section 404. Other companies have approached Section 404 responsibilities by looking for value added opportunities for improvement in key business processes. This latter group of companies has focused on re-engineering their processes to capture efficiencies in processing; automating controls where applicable; and shoring up deficiencies in particular processes. Further, they have strengthened financial competencies. These companies have found that the "opportunities" approach has benefited many processes. Thus, we encourage the SEC to couch their guidance in a manner that encourages companies to drive efficiencies into their processes while implementing effective internal control.

COMMENTS ON SPECIFIC QUESTIONS ADDRESSED IN CONCEPTS RELEASE

Many of the questions identified in the Concepts Release seek input about specific experiences that companies have had in implementing their internal control assessments. Those questions are best answered by specific companies. COSO has chosen to provide comments about those issues that are related specifically to COSO and to the use of internal control and risk management frameworks.

COSO believes that its guidance for smaller businesses provides a number of examples that companies may use to implement effective internal control in a cost-effective matter. We do, however, recognize that while the resource issue is important for smaller businesses, good internal control is often more of a question of management priorities, rather than resources.

INTRODUCTORY QUESTIONS

Question 1: Usefulness of additional guidance?

COSO believes that additional guidance on how to evaluate the effectiveness of internal control over financial reporting will be useful to all constituents. We especially believe that further guidance as to the SEC's view of reasonable assurance would be useful. Reasonable assurance implies a high, but not absolute, level of assurance that the internal control system is functioning at such a level that material misstatements would be prevented or detected and corrected on a timely basis. Guidance that helps management better understand that level of assurance will be useful to them as they evaluate and assess internal control effectiveness. Furthermore, COSO believes that additional clarity on what constitutes a "top-down, risk-based assessment" and how to implement such an approach will also be helpful since some companies are implementing various risk-based approaches sub-optimally.

Question 3: Broad Principles or Specific Guidance?

COSO believes that it would be helpful for all constituents to have more guidance that addresses the broad issues related to reasonable assurance, the agency's views on a top-down risk-based approach to identifying and evaluating internal controls, and the scope of testing and assessment. However, as stated earlier, we recommend that any additional guidance not be so prescriptive as to obviate the ability to apply management judgment. Such guidance should allow for the tailoring of the nature, timing and extent of monitoring, or assessment testing, in order to reflect unique business characteristics. Perhaps several illustrations of different approaches and examples could be developed to show management multiple techniques for evaluating and assessing internal control.

Question 7: Potential Drawbacks?

We believe most of the drawbacks are covered in our comments above.

Question 8: The COSO Framework versus others such as Turnbull?

The COSO IC Framework has had wide, but varied, acceptance prior to the issuance of the Sarbanes-Oxley legislation. Many organizations have designed and implemented control systems using the COSO framework. Those organizations naturally continued to focus on the COSO IC Framework as their foundation for effective internal control as the additional Section 404 requirements were created.

Various studies, including IFAC's recent document "Internal Control – A Review of Current Developments", suggest that all of the global frameworks are generally principles-based. Further, COSO's view is that all global frameworks emphasize the importance of:

- Understanding an objective
- Understanding the risks to achieving those objectives

- Developing control mechanism to mitigate those risks, including the control environment and specific control procedures,
- Providing information to assist employees in carrying out those assigned duties, as well as for management to understand that the system is working correctly,
- Monitoring the operation and effectiveness of the internal control processes.

In many respects, while the frameworks have similarities, they tend to vary in their points of emphasis. Some focus more on understanding objectives while others focus on specific control activities. COSO is willing to work with other organizations to develop, harmonize, and provide greater clarity on the consistency of the frameworks. In that vein, we have had discussions with organizations, including those in the IT area and governmental area, regarding becoming members of COSO.

We believe that COSO's existing guidance provides an excellent principles-based foundation for developing an assessment process that effectively links the financial reporting objectives, related risks, and appropriate controls to address those risks. The COSO guidance supports an assessment process built around these core elements:

1. Identification of financial reporting objectives.
2. Identification and assessment of risks affecting the accomplishment of financial reporting objectives.
3. Selection of key controls (including a robust control environhment) intended to mitigate the applicable key risks to financial reporting.
4. Performance of monitoring processes that test the operating effectiveness of key controls selected, including the development of evaluation criteria for determining control effectiveness.
5. Evaluation and reporting of deficiencies identified and monitoring of corrective actions.

COSO is willing to work with the SEC and others (such as an SEC formed task force) to further develop an assessment process that is consistent with already existing internal control frameworks.

RISK AND CONTROL IDENTIFICATION

Question 11: Guidance needed to help management implement a "top-down, risk-based" approach" …

COSO believes that additional principles-based guidance would be useful if the guidance: 1) claries what constitutes a top-down, risk-based approach by describing how company-wide risks should be considered and defined (e.g., should it focus on inherent versus residual risks; how do fraud risk and inherent and residual risk connect) and how company-level risks affect specific financial reporting processes and 2) clarifies the SEC's concept of "key" controls and assist organizations in determining how much "control is enough" to address the risks identified to achieve the desired level of reasonable assurance.

A comprehensive framework for identifying and evaluating company wide risks exists in the COSO "Enterprise Risk Management, Integrated Framework (ERM)". COSO encourages companies to utilize the ERM framework to manage all of their important risks.

Guidance on a top-down risk-based approach may be particularly helpful for smaller public companies who are less experienced in risk assessment. Volume III of COSO's guidance for smaller businesses provides Evaluation Tools that illustrate examples of how risk assessments could be conducted. We believe this guidance provides helpful tools for incorporating a top-down, risk-based approach.

Question 15: Entity-level Control?

COSO believes that its existing guidance, particularly related to the control environment component, is appropriate and should help management understand the role of entity level controls and the type of entity level controls should be addressed in the design of effective internal control over financial reporting. The COSO smaller company guidance sets forth twenty basic principles representing the fundamental concepts associated with and drawn directly from the five components of internal control. COSO believes that these twenty principles are applicable for entities of all sizes and those entities that appropriately apply these twenty principles can achieve effective internal control over financial reporting. For each of the principles, the guidance identifies a number of specific attributes that generally would be expected to be present in order for management to achieve the principle. We believe these principles, especially those related to the control environment component, provide useful insights about effective implementation of entity-level controls.

For example, the second principle in the control environment component emphasizes the importance of the board of directors for effective internal control. That principle states that:

> "The board of directors understands and exercises oversight responsibility related to financial reporting and related internal control."

The guidance then identifies six specific attributes to guide organizations in meeting that objective. Those attributes include:

> *Defines authorities:* The board defines and communicates those authorities retained at the board level and those delegated to management.
>
> *Operates Independently:* The board has a critical mass of members who are independent directors.
>
> *Monitors Risk* – The audit committee actively evaluates and monitors risks of management override of internal control and considers risks affecting the reliability of financial reporting.
>
> *Retains Financial Reporting Expertise:* One or more audit committee members have financial reporting expertise.

Oversees Quality and Reliability: The audit committee provides oversight to the effectiveness of internal control over financial reporting and financial statement presentation.

Oversees Audit Activities – The audit committee oversees the work of both internal and external auditors, and interacts with regulatory auditors if necessary. The audit committee has exclusive authority to engage, replace, and determine the compensation of the external audit firm. The audit committee meets privately with internal and external audit to discuss relevant matters.

The guidance is both specific and broad. It defines responsibilities and suggests principles that should help organizations define the composition and activities of their boards. However, it stops short of stating exactly how many members of a board must be independent directors. Rather, it states that there must be a critical mass of independent directors so that effective actions can be taken by the independent directors. The attributes are designed to be scalable so that the numbers, as well as the specific activities, can be molded to the specific company. COSO believes that the guidance, over time, will work for all public companies. We believe that some time should be allowed for companies to effectively implement the guidance.

While we believe that the COSO guidance is helpful to management in the design of effective internal control over financial reporting, we also believe that additional guidance is needed to help management evaluate and assess (i.e. monitor) the effectiveness of its controls for purposes of providing its external assertions about control effectiveness. As noted earlier, we are prepared to undertake a project to accomplish that objective.

Question 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 ….?

Yes. COSO understands that there is judgment involved in assessing risks, including the risks of material misstatement. Because different financial statement accounts, transactions and disclosures have different risks due to varying external and internal factors, COSO's smaller business guidance provides more explicit discussion related to the risk assessment component of internal control. That guidance emphasizes the importance of considering both qualitative and quantitative risk factors. We agree that SEC guidance that considers both qualitative factors and quantitative factors will help management effectively evaluate the probability of a misstatement and the relationship of risk to key internal controls. .

Question 17: Guidance on fraud controls?

COSO discussed this issue extensively during our deliberations in developing our guidance for smaller business. We believe existing guidance, such as guidance included in the AICPA SAS No. 99 - Exhibit titled "Management Antifraud Programs and Controls" and the 2005 AICPA document *Management Override of Internal Control: The Achilles' Heel of Fraud Prevention* provide useful guidance about effective fraud controls that could be implemented in most companies. COSO's small business guidance establishes the expectation that management and the board assess the risk of fraud. Our guidance provides suggested examples that build upon the AICPA and other guidance related to fraud controls.

Because fraud risks can change over time – with perpetrators attacking the weak link in internal control – COSO's guidance emphasizes the importance of board due diligence in the ongoing assessment of fraud risks.

COSO believes that additional guidance is best left to the private sector. COSO, working with its member bodies and other anti-fraud organizations, has previously addressed fraudulent financial reporting and is prepared to further examine how anti-fraud programs and controls could be better woven into the COSO framework. We would welcome discussions with the SEC about such a project proposal.

Question 18:   Guidance on Multiple Locations.

COSO Board members have observed that much of the approach to multiple locations has focused on a concept of "percent of important accounts covered," and the approach does not necessarily consider risk factors related to (a) foreign operations, (b) weak control environments, (c) inconsistent processing methods, (d) infrequent coverage by internal audit, among other factors. In our view, guidance about using a risk-based approach to determining locations to examine would be helpful to all organizations.

MANAGEMENT'S EVALUATION

Question 19:   Entity-Level controls reduce or eliminate the need for testing at an individual account level.

COSO's *Internal Control-Integrated Framework* recognizes that entity-level controls do not eliminate the need for effective controls over transaction processing, preparing accounting estimates, or conducting the financial reporting closing process. Rather, a company must recognize that risks of material misstatement that are inherent at the process and account levels can exist despite the presence of entity-level controls. COSO believes that the control environment can provide the first step in mitigating risk through its focus on the competence of employees, effective human resource practices (e.g., understanding the compensation system, oversight of the board activities, etc.) and the importance of management's philosophy and operating style. However, COSO recognizes that even if a company makes a commitment to an effective control environment, such as a commitment to hiring good people, that commitment alone will not reduce the residual risk of material misstatement to an acceptable level.   Errors can still occur in transaction processing, the development of estimates, or during the closure of a financial reporting period. Thus, corroboration that the controls are operating effectively at key process levels is necessary for effective internal control.

Despite these concerns, COSO does believe entity-level controls do strengthen internal controls. The amount of residual risk that remains in the accounts is often less due to the presence of strong entity-level controls. Where there is less risk, the amount of specific control testing that needs to be performed is logically reduced.

Question 20:   Monitoring and Separate Evaluations?

As stated earlier, COSO believes that organizations need to re-engineer their processes and focus on how monitoring can provide sufficient evidence to assert that internal control over financial reporting is effective. COSO's IC Framework states in part "Monitoring ensures that internal control continues to operate effectively. This process involves assessment by appropriate personnel of the design and operation of controls on a timely basis, and the taking of necessary actions."

For the most part, organizations have not focused on monitoring the effectiveness of their controls, especially in terms of gathering sufficient evidence to support their assertion that internal control over financial reporting is effective. While some organizations have been successful in implementing ongoing monitoring controls, clear guidance is lacking that explains the relationship between ongoing monitoring and separate or point-in-time evaluations. Furthermore, there is a lack of clear guidance to explain the relationship between monitoring controls and management's responsibilities under Section 404 (a) to report on internal control effectiveness.

COSO believes there is need for more guidance and is planning a project to meet this need. As described earlier, COSO believes that inefficiencies have occurred because companies often view management's Section 404 assessment responsibilities as something in addition to the company's internal control system. We believe that efficiencies can be obtained if management designs and places into operation monitoring controls that allow them to obtain appropriate evidence demonstrating and documenting that their system of internal control (all five elements working in concert) is effective as of a point in time.

The monitoring and assessment of control effectiveness can be achieved through ongoing or point-in-time testing. But, just as external auditors often design their audit tests to include a combination of ongoing tests and tests of balances, so too should management design their monitoring controls to be a combination of testing and assessing that is both ongoing and point in time. Additionally, SEC guidance on documenting the monitoring process is particularly relevant when monitoring is designed to both provide evidence that other controls are working as well as to support management's assessment of internal control for external reporting.

COSO looks forward to discussing our views with the SEC in more detail as we further develop our project in this area.

Question 21:   Special Considerations for Smaller Public Companies

The recently issued COSO smaller company guidance addresses these issues. The guidance is based on experiences of many smaller businesses and is consistent with the fundamental principles of internal control developed in that guidance and the related COSO IC Framework.

We believe that smaller companies need additional time to digest and implement the examples provided in the guidance before additional guidance is provided by the SEC.

Questions 22 and 23: Separate Evaluations vs. On-Going Monitoring and updated evidence as of a point in time

Risk factors, such as materiality, and attributes of financial statement accounts, transactions and processes are important to consider when designing the nature, timing and extent of management's monitoring efforts. Additional guidance will be helpful to assist management in understanding how materiality and differences in account and process characteristics might affect the need for ongoing versus separate control evaluations.

For example, continuous controls that mitigate ongoing financial reporting risks are best monitored and assessed on an ongoing basis so that weaknesses are detected and corrected throughout the year. In this case, the results of those ongoing tests will need to be accumulated or summarized as of year end in order to provide evidence for management's assertion that is made as of a point in time.

In contrast, when year-end closing controls are designed to mitigate year-end financial statement risks, those types of controls are best monitored and tested as of a point in time, i.e. year end.

An important message for management to understand is that regardless of the mix of monitoring, or separate assessment controls and procedures, the ultimate objective is to obtain sufficient and appropriate evidence to assert on the effectiveness of internal control over financial reporting. That guidance should emphasize that varying mixes of separate evaluations and ongoing monitoring may exist across organizations.

Question 24: Control Deficiencies and Indirect Relationship to a Specific Account or Disclosure.

The Sarbanes-Oxley Act requires effective internal control over financial reporting. The COSO *Internal Control-Integrated Framework* recognizes that internal control not only helps achieve financial reporting objectives, but also helps achieve objectives related to operations and compliance. COSO recognizes that as companies implement more complex computer systems, those systems often contain features that lead to the achievement of all three internal control objectives (compliance, financial reporting, and operations). Some control features may indirectly affect specific account financial reporting objectives. Guidance that helps management link deficiencies in entity-level controls to specific processes and accounts would be beneficial. Further, any guidance must clearly include the risks associated with accounting estimates and the closing process, including the possibility of management override, or management misuse of shareholder assets (e.g. with stock option back dating).

Questions 26 and 27: Restatements and Financial Statement Errors.

While this question does not directly tie to COSO specific issues, COSO does believe that the definition of materiality needs to be clarified within the application of evaluating internal control. Our observation is that the concept of materiality which is loosely defined as an "*omission or misstatement that would make a difference to an informed user*" is the appropriate basis for the internal control evaluation. During the past few years, we have noted a number of instances in which financial statements were restated for amounts that are small and the effects on the financial statement are most likely not material. However, there is to be another component of materiality that may be affecting these restatements. Many of the restatements contain information about the organization's control environment, especially that of management and its commitment to either ethical behavior, or to financial competencies. The information about management – as an important part of the organization's control environment and as reflected in actions that affect financial reporting – is material to most users. Thus, information about some types of control failures, even if immaterial to the financial statements, is important to users – and does make a difference to them – especially when the control failures reflect on management and the future of the organization.

Question 28: Technology and Controls

The COSO small company guidance highlights numerous examples where technology can be an enabler of effective control. The proper implementation of technology presents opportunities for standardization of processes and controls. In fact, information technology presents opportunities for companies to implement effective monitoring of their other controls.

Question 29: IT General Controls Testing?

IT general controls are normally tested because they are pervasive to IT based accounting processes and systems. Often the impact on financial reporting is indirect; for example, a breach of security may put the organization at risk of business failure, at risk of losing proprietary data, or at risk for large civil suits or other claims. Thus, we urge the SEC to avoid developing guidance that is too narrow in discussing the importance of effective IT general controls. Such guidance should emphasize the contribution of IT general controls towards mitigating major contingencies due to sabotage or failure of a computerized system, in addition to their role of ensuring effective financial reporting.

DOCUMENTATION

The issue of documentation of guidance was considered extensively by COSO in its guidance for smaller public companies. That guidance is pertinent in answering your questions and is repeated here (Executive Summary, pp. 6 and 7):

> "The level and nature of documentation varies widely by company. Certainly, large companies usually have more operations to document, or greater complexity in financial reporting processes, and therefore find it necessary to have more extensive documentation than smaller ones. Smaller companies often find less need for formal documentation, such as in-depth policy manuals, systems flowcharts of processes, organization charts, job descriptions, and the like. In smaller companies, typically there

are fewer people and levels of management, closer working relationships and more frequent interaction, all of which promotes communication of what is expected and what is being done. A smaller business, for example, might document human resources, procurement or customer credit policies with memoranda and supplement the memoranda with guidance provided by management in meetings. A larger company will more likely have more detailed policies (or policy manuals) to guide their people in better implementing controls.

Questions arise as to the extent of documentation needed to deem internal control over financial reporting as effective. The answer is, of course, it depends on circumstances and needs. Some level of documentation is always necessary to assure management that its control processes are working, such as documentation to help assure management that all shipments are billed or periodic reconciliations are performed. In a smaller business, however, management is often directly involved in performing control procedures and for those procedures there may be only minimal documentation because management can determine that controls are functioning effectively through direct observation. However, there must be information available to management that the accounting systems and related procedures, including actions taken in connection with preparation of reliable financial statements, are well designed, well understood, and carried out properly.

When management asserts to regulators, shareholders or other third parties on the design and operating effectiveness of internal control over financial reporting, management accepts a higher level of personal risk and typically will require documentation of major processes within the accounting systems and important control activities to support its assertions. Accordingly, management will review to determine whether its documentation is appropriate to support its assertion. In considering the amount of documentation needed, the nature and extent of the documentation may be influenced by the company's regulatory requirements. This does not necessarily mean that documentation will or should be more formal, but it does mean that there needs to be evidence that the controls are designed and working properly.

In addition, when an external auditor will be attesting to the effectiveness of internal control, management will likely be expected to provide the auditor with support for its assertion. That support would include evidence that the controls are properly designed and are working effectively. In considering the nature and extent of documentation needed by the company, management should also consider that the documentation to support the assertion that controls are working properly will likely be used by the external auditor as part of his or her audit evidence.

There may still be instances where policies and procedures are informal and undocumented. This may be appropriate where management is able to obtain evidence captured through the normal conduct of the business that indicates personnel regularly performed those controls. However, it is important to keep in mind that control processes, such as risk assessment, cannot be performed entirely in the mind of the CEO or CFO without some documentation of the thought process and management's analysis.

> Many of the examples contained later in this guidance illustrate how management can capture evidence through the normal course of business.
>
> Documentation of internal control should meet business needs and be commensurate with circumstances. The extent of documentation supporting design and operating effectiveness of the five internal control components is a matter of judgment and should be done with cost effectiveness in mind. Where practical, the creation and retention of evidence should be embedded with the various financial reporting processes."

COSO: LOOKING FORWARD

COSO is embarking on a strategic planning process to adapt to the changing environment. The COSO Board has recognized that a new infrastructure may be needed for COSO to address internal control and risk management issues in a more timely fashion. The Board has discussed projects such as using the internet to enhance the sharing of control information, a project on assessment, and a project identifying effective monitoring of controls. The Board also seeks to address many longer-term issues, such as harmonizing control frameworks and becoming more inclusive as an organization. The Board is committed to improving the practice of internal control implementation as well as internal control reporting on a more cost-effective manner for all firms. We welcome the opportunity to work with the SEC in accomplishing our mutual objectives in this area. We seek the SEC's input on these important endeavors.

Thank you for the opportunity to respond to this Concepts Release. We are prepared to further discuss any of these issues with you.

Sincerely,

Larry E. Rittenberg, PhD, CPA, CIA
Chair