

February 19, 2007

Securities & Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Dear Madam or Sirs,

I would like to thank the Securities and Exchange Commission for giving me the opportunity to comment on the proposed rule Section 404 of the Sarbanes-Oxley Act. I have organized my opinions in a brief summary after scrutinizing the proposed document.

The Sarbanes Oxley Act was proposed to restore public confidence in financial reporting and to provide comfort to investors. In doing so, companies are required to disclose information about existing material weaknesses. The firm's principal executive officers and the principal financial officers must certify, in each filed annual report, specific items.

While this certification was aimed at assuring the average investor; in many cases, this information is unobtainable because the certifications are being hidden deep within the companies annual or 10K report. Firms are not only making the information hard to access, but they are not paying enough attention to the "signed certifications."

Certifications are not being signed, or are electronically signed. Without a "real" signature, investors are left with questions and uncertainty about the authenticity of certifications on internal controls.

It is important that companies be evaluated in order to make changes and ensure success, but the constant monitoring has created a strain on the relationship between the auditor and a firm's management. Since the Sarbanes Oxley Act has been implemented, firms' relationships with their auditors have changed. Management is more reluctant to discuss issues with the auditors before they are resolved, for fear that the existence of an issue could be labeled a control weakness by the auditors. For this very reason, companies spend thousands of dollars on additional external advice in order to find a pre-emptive solution to complex accounting policies before the auditor can interpret them as a material weakness. Auditors are no longer looked at as "assurors," but as "rule-enforcers."

Every control procedure, no matter how small or large, needs to be monitored under Section 404. Managers may feel they need to spend more time documenting evidence processes than on the process itself. I have reviewed many of the submissions to the SEC, and found that most firms agree with this statement. Many firms feel that a document with a signature carries more weight than a well executed control missing a signature.

The strict guidelines placed on form and detail over substance, may actually place an organization at greater risk for a material misstatement of financial output.

There should be more focus on fraud specific risks and controls by the audit firms. Investor confidence should improve if auditors became more educated as to how to prevent and detect fraud. A long over due addressing of this 'expectations gap' is warranted. The regulatory cost for companies could decrease as a result, because less time would be spent on controls that are not preventing material misstatements.

Sincerely yours,

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