

February 19, 2007

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

RE: File No. S7-24-06

I commend the proposal for recognizing that the methods and procedures for identifying financial reporting risks will vary from company to company, however, I believe the proposal is understating the requirements for small companies. The proposal states “a small company with less complex business processes that operate on a centralized basis and with little change in the risks or processes, management’s daily involvement with the business may provide adequate knowledge to appropriately identify financial reporting risks.”

First of all, if one looks at the profile of a company listed on the S&P 600, one may find that the size of the company, from their perspective, is not small at all. At least not small enough to be exempted from certain internal control procedures.

Secondly, as an investor, I would not be satisfied to know that my money is invested in a company whose identification of financial reporting risks is merely adequate. I want to know that the internal control procedures are operating at an optimum level.

Thirdly, how knowledgeable is the management of these “small” companies? How often does upper management visit the different facility locations to examine the operation of internal controls? Take Forward Air Inc., for example. Forward Air has a total of 81 stations. 63 of those stations are owned and operated by Forward Air, and are located throughout the continental U.S. with 1 location in Canada. The remaining 18 are operated by agents, and are also located throughout the continental U.S. with 2 locations in Canada. I think the proposal is subjecting investors to an unfair risk by assuming that these small companies operate on a centralized basis and, as such, suggesting that management’s daily involvement is enough.

The proposal suggests small companies do not need the assistance of “employees with specialized knowledge who collectively have the necessary understanding of requirements of GAAP” in management’s evaluation - like they would if they were a larger company. While the proposal is trying not to lay out a prescriptive format, I feel that they are letting small companies somewhat off the hook. The public is still entrusting them with their money. All companies, whether big or small, have the same obligations to the public. While it may be costly to smaller companies, what about the non-quantifiable benefit of obtaining public trust? Why would smaller companies not want to do everything in their power to show their investors that they truly value their trust? I would think any small company would want to do whatever is necessary to assure their investors that they made the right choice in their investment, even if that means following some of the same procedures as large companies.

I applaud the proposal for discussing the fact that the company must provide evidence to support its evaluation of internal controls. The public will feel much more at ease seeing proof rather than simply taking management's word that their internal controls are operating effectively. I am also in favor with the proposal when it discusses that the quality of the evidence should be considered, not only the amount of evidence the company can come up with. I am pleased to see that this evidence should come from direct testing as well as on-going monitoring activities. It is extremely important to reassure the public that companies are constantly evaluating their internal controls instead of just at the end of the fiscal year.

Sincerely,

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