

February 19, 2007

Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Commissioners,

Due to past fraudulent occurrences, it is imperative to provide additional guidance on internal control matters; however, this proposed guidance does not consider that one size does not always fit all. The proposed interpretations contradictorily begins by describing a guidance that fits all companies and later goes on to state that small companies are encouraged to alter and scale down the evaluation methods to better fit their specific company. Why impose the guidance on the all companies if it will clearly not work for each company?

Understandably, it may be easier for auditors to follow the same procedure for each company, but by applying the same proposed guidance to all and allowing alterations, the auditors job is further complicated as he/she must adapt to each application of the rules.

A study by Pfeffer and Salancik showed that when an organization's environment is politically constructed "decision makers do not experience directly the consequences of their actions; and political decisions are applied across the board to entire classes of organizations, thus making such decisions less adaptive and less flexible" (DiMaggio, Paul J. & Powell, Walter W. Iron Cage Revisited 1983). If the managers do not experience the consequences of the controls, the effects the controls have will not be known and, in result, the most efficient system will not be assumed.

Additionally, although the guidance will be uniform, it may not be beneficial to the organization as decisions are less adaptive and flexible, resulting again in a less efficient system being used.

A more effective approach may be to make a distinction between large and small companies (may also further subdivide the groups), develop separate guidelines for each and audit the company based on which size organization they claim to be. This approach could be more cost efficient and also help to eliminate confusion for auditors.

Sincerely,

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