

February 26, 2007

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

Re: File Number S7-24-06

While learning the accounting profession, it is amazing to find out how many people manipulate companies to receive personal benefit. Sarbanes Oxley is good way to help protect companies and investors, so it is important that all companies, no matter what their size, assess their effectiveness of ICFR on an annual basis. I believe that it may still be a bit confusing to some companies on what aspects are looked at under Section 404. Even though stated in the proposal, "Management is not required by Section 404 of Sarbanes-Oxley to assess other internal controls, such as controls solely implemented to meet a company's operational objectives." (page 14) With regards to this statement, it may relieve some pressure but I believe companies are being overly zealous in implementing internal controls. I suggest that clean guidelines and clear definitions of what must be done, would be very helpful.

With regards to small companies, I believe that they too should have to take part in making sure that they have good internal controls and also file annual reports. Allegedly companies' expenses trying to comply with Section 404, turned out to be far greater than anyone anticipated. With these large costs it seems that some companies are taking a big hit in their bottom line. The proposal made helps to assist companies on how to start looking at their internal controls, but it is oblique and adds nothing in the way of guidance to help so called smaller companies.

Recently I have researched multiple companies' 10-K forms that were filed with the SEC. I was confused on how much the CEOs and CFOs really look into the internal controls before signing off on these documents. In a large company it would be almost impossible for these top officers to review the internal controls in all their locations throughout the world. I know they represent "reasonable assurance" and that doesn't mean "absolute assurance," but it seemed as if they could have just taken other peoples' words that the controls were sufficient and signed off on the document. Section 404 and the guidance fail to address the loss factor that comes with delegated efforts in large companies. Also with these forms, almost all of the forms were signed electronically. Wouldn't this pose a problem down the road with the reliability of these documents? I would raise a red flag to a signature that is typed and not someone's actual hand writing. I know there is an effort to protect companies, but it seems that there are still many flaws within the process.

Sincerely,

Joshua McDaniel  
2008 Accounting Graduate  
University of Wisconsin – LaCrosse