

## **Memorandum to the File**

On February 20, 2007, individuals from the SEC met with representatives from the Institute of Management Accountants (“IMA”) to discuss their joint comment letter on the SEC’s proposed Interpretive Guidance and the PCAOB’s proposed auditing standards. The individuals in attendance were as follows:

### **IMA**

- Tim Leech, IMA/Paisley Consulting
- Marky Boyland, IMA
- Paul Sharman, IMA
- Jeff Thomson, IMA

### **PCAOB**

- Sharon Virag, PCAOB

### **SEC**

- Zoe-Vonna Palmrose, OCA
- Nancy Salisbury, OCA
- Brian Croteau, OCA
- Josh Jones, OCA
- Bob Burns, OCA
- Kevin Stout, OCA
- Mike Gaynor, OCA
- Carol Stacey, Corporation Finance
- Sean Harrison, Corporation Finance

The discussion consisted of a number of areas, including the representatives’ concern that the proposed audit standards would still be the defacto guidance for management given its level of detail when compared to the SEC’s proposal. They also expressed concerns that the current definition of effective internal controls fostered a “zero defect” approach by both management and their auditors which resulted in an unnecessarily expensive assessment process. Finally, they suggested that the SEC and PCAOB should consider referring to existing risk management standards as an additional way management and auditors could perform their assessments of internal control.