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July 9, 2007

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

Via email: rule-comments@sec.gov

RE: File Number S7-24-06

Dear Ms. Morris:

We appreciate the opportunity to comment on the U.S. Securities and Exchange Commission's (SEC or Commission) release entitled *Definition of a Significant Deficiency.*

We support amending Exchange Act Rule 12b-2 and Rule 1-02 of Regulation S-X to define the term significant deficiency and respectfully submit our responses to your request for specific comments in the accompanying appendix.

If you would like to discuss our comments further, please contact Mr. John L. Archambault, Managing Partner of Professional Standards, at (312) 602-8701, or Mr. R. Trent Gazzaway, Managing Partner of Corporate Governance, at (704) 632-6834.

Very truly yours,

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APPENDIX – RESPONSES TO REQUEST FOR SPECIFIC COMMENTS

1. Would the definition of a "significant deficiency" facilitate more effective and efficient certification of quarterly and annual reports if it were defined as discussed above?

   We believe the SEC has clarified that the definition of a significant deficiency is the same as the definition in the Public Company Accounting Oversight Board's Auditing Standard No. 5 (AS 5), *An Audit of Internal Control Over Financial Reporting That is Integrated with An Audit of Financial Statements.* However, we also believe the SEC's guidance and rules pertaining to management's responsibilities under Sections 302 and 404 should be sufficiently complete and therefore, should define the term therein. This will facilitate management's certifications by providing management with clear guidance.

2. Conversely, should the definition of "significant deficiency" include a likelihood component or other specific criteria? If so, should we align such a definition with the PCAOB's auditing standard, and how?

   We support the definition of a significant deficiency in AS5, including the elimination of the likelihood component. For the reasons set forth herein, we believe the Commission should formally adopt the same definition.

3. We do not anticipate that the definition will impact the amount of time it takes for management to evaluate whether identified deficiencies are significant deficiencies, nor do we anticipate that this definition will affect any existing collection of information. However, are there any additional costs or burdens involved in evaluating whether identified deficiencies meet the definition of significant deficiency? If so, what are the types of costs, and the anticipated amounts? In what way can the definition be further modified to mitigate such costs while still appropriately describing deficiencies that should be disclosed to audit committees and auditors?

   We concur with the Commission in that defining the term significant deficiency will not impact the amount of time it takes to evaluate deficiencies or affect the collection of information to make such an evaluation. We further believe the evaluation of such matters may reduce costs by allowing the company to remediate significant deficiencies and thereby, strengthen their internal controls.

4. We believe one of the benefits of the definition is that it focuses on the desired result of identifying matters that are important enough to merit attention, which will allow management to use sufficient and appropriate judgment to determine the deficiencies that should be reported to the auditor and the audit committee while allowing management to use its judgment to determine what those matters are. Are there additional potential benefits we have not considered? Additionally, a potential consequence of the definition is that, due to the flexibility provided in the definition, there may be less comparability among companies in terms of what management determines is a significant deficiency. Is this accurate? Are there other potential costs or burdens? How should we mitigate such costs or burdens?

   The AS 5 definition of a significant deficiency permits both management and the auditor to use judgment in determining what should be communicated to the audit committee. It facilitates reporting matters that might not currently rise to the level of a material weakness, but could do so if not properly addressed by the company. What may be important in one company may not be important in another. Accordingly, we do not view comparability as a drawback to the definition.

5. Is there any special impact of the definition of significant deficiency on smaller public companies? If so, what is that impact and how should we address it?

   We do not believe there is any special impact of the definition on smaller public companies.