

February 19, 2007

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

Re: File Number S7-24-06

Dear Ms. Morris:

After reading the new proposed interpretive guidance for management regarding its evaluation of internal controls over financial reporting I think that it is a timely proposal, but I would recommend a few changes before it is finalized. Over the past few years a lot of concern has arisen over a number of different areas with companies completing their annual evaluations and I think that these proposed changes help to clarify what needs to be done to have an efficient and effective evaluation. The feature of the proposal that I thought was the most valuable was how the guidelines addressed companies of all sizes and not just concerned with what large firms should be doing. For the smaller firms, I think that their internal controls need to be appropriate for their size and cost effective for them as well. The proposal addressed this issue throughout the entire report when it would describe certain procedures that management should go through it would say something along the lines of "this would not be appropriate for a smaller firm to do" and then would state what would be reasonable for a smaller firm do for evaluation.

On the other hand, I think that smaller firms have as much of a duty of truthfulness to the public as larger firms are expected to have because they are both soliciting money from the public. I most definitely think that the proposed interpretive guidance will be helpful to management in completing their annual evaluation process because instead of just telling companies that they need to evaluate their internal controls there are now guidelines that they can follow when doing performing this. When there are guidelines for the management team to follow I think that it assists them in focusing on all areas that may be susceptible to fraud or risk that may have been overlooked otherwise. Also, I think that it is very important for a company to have a system with a segregation of duties so that it helps to limit that amount of fraud that could occur. I also think that these guidelines assist management in conducting an efficient and effective evaluation of internal controls because it focuses mainly on management identifying risks that could occur in the financial reporting process and mitigating those risks by changing processes of completing certain tasks.

One of the areas that I disagree with in the proposed guidelines is where it was written that management, not the auditor is responsible for determining the appropriate nature and form of internal controls. I think that management should be the initial determinant of internal controls because they are the most in touch with the company, but the auditor should also have a large say in what is done because their opinion about

operations would not have the biases that an internal manager may have. Another solution to the manner would be to have the audit committee review the proposed evaluations of the internal controls to make sure that all areas were covered in the evaluations.

Overall, I think that these proposed interpretive guidelines are necessary to protect the investors of these companies and to ensure that companies are operating in a truthful and honest manner. Thank you for taking the time to read over my comments and I hope that you take them into consideration when you are finalizing the proposals.

Sincerely,

Betsy Kiefer  
2008 Accounting Graduate  
University of Wisconsin-La Crosse