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Louisville, KY 40241

November 20, 2003

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 008

Ladies and Gentlemen:

As a current Board and Audit Committee member for several publicly-traded companies and as a former CEO of a publicly-traded company, I read your proposed exposure draft on internal control with great interest. I was particularly interested in paragraphs 56 through 59 related to the evaluation of the effectiveness of the Audit Committee's Oversight of the Company's External Financial Reporting and Internal Control Over Financial Reporting. While I agree that the audit committee plays an important role within the control environment and is essential to setting a positive "tone at the top," I believe that requiring the independent auditors to evaluate the effectiveness of the audit committee introduces an inherent conflict of interest that could have a detrimental effect on achieving one of the ultimate goals of this proposal, ensuring the integrity of a company's financial reporting. Under the Sarbanes-Oxley legislation, the audit committee is required to hire and fire the independent auditors and evaluate their qualifications and performance. Now, under this proposal, the independent auditors are put into the position of evaluating those who hire and fire them. I believe this would make each party wary of each other and impede the direct and open communication that

is necessary between the audit committee and the independent auditors to fully fulfill each set of responsibilities.

Further, I believe that it would be very difficult for many of the factors cited in paragraph 57 to be evaluated, particularly the specific requirement to evaluate of the level of involvement with the independent auditor, including the appointment, retention, and compensation of the independent auditor. I don't believe any independent auditor can carry out this responsibility without being accused of an inherent conflict of interest.

Finally, I agree with and believe that it makes great sense for the independent auditors to consider the activities of the audit committee as part of the evaluation of the control environment; however, I don't see how an evaluation of these activities, alone, could lead to a conclusion that a "significant deficiency and a strong indicator that a material weakness in internal control over financial reporting exists." I believe there are many other factors that should be considered in the determination of a significant control deficiency.

Please note that these are my personal comments and should not be attributed to any university nor to any corporations on whose boards I set. If you have questions or comments please contact me directly.

Very truly yours,

Roger W. Schipke