I appreciate the time and effort invested in this proposed Auditing Standard (AS) by the Public Company Accounting Oversight Board (Board) and the opportunity to comment thereon. I, as many others who have commented on the proposed AS, am deeply involved in ensuring my company's compliance with SOA Section 404. Therefore, I am compelled to write to you my concerns with the proposed AS.

For the most part I agree with the Board's recommendations. However, I find that there are key weaknesses in the proposal as currently written that will not only have a significant negative impact on businesses, but they also are contrary to the intent of SOA.

I concur with the summary of the weaknesses as presented by the Manufactures Alliance/MAPI dated November 21, 2003. In addition to the comments made by MAPI I want to express emphasis on the following point:

1. External auditor's opinion on management's assertion vs. an opinion on internal controls. The SOA very clearly states "(b) Internal Control Evaluation and Reporting – with respect to the internal control assessment required by subsection (a), each registered public accounting firm that prepares or issues the audit report for the issuer shall attest to, and report on, the assessment made by management of the issuer." The limited amount of assurance the Board is allowing auditors to place on management's testing is contrary to the wording chosen by Congress. There is ample professional literature and time tested experience that give guidance and methods to direct auditors on how to rely upon or what not to rely upon in coming to a conclusion identical to a conclusion that would be drawn by re-performing essentially the same work. The extent of work being required by the Board is closer to the auditor being able to offer an opinion on the effectiveness of the controls rather than "management's assessment". This is a costly distinction that adds minimal, if any, additional value to shareholders. In essence, the Board is requiring management and the external auditors to do the same work. Before I leave this topic I also think it important to mention this goes against the intent of COSO. COSO specifically states that management owns the controls and is responsible for their design and continued maintenance. Once management effectively implements processes consistent with COSO they will have in place "monitoring" that ensures controls over accurate financial statements are in place and functioning as designed. Based on the Boards proposal, the external auditors in addition to management will be responsible for performing the "monitoring" portion of COSO instead of offering an opinion on management effectively or ineffectively performing its own "monitoring".

   I ask that the Board not lose sight of the objective of SOA which is to give investors confidence as to a companies internal controls over financial reporting and disclosures. That being the objective, I do not see where having two groups perform the same work gives investors additional confidence. When the auditor performs their audit in accordance with the current standards for relying upon managements' work, they can gain essentially the same assurance as to the adequacy of the controls as they would by re-performing the same work. Another relevant consideration is, would the Board's proposal as written have detected the problems at Enron, HealthSouth, et al, with any more certainty than the auditor's attestation of management's assertion as discussed above? I think the answer is no.