From: Jo-Ann Pierce [jo-ann.pierce@enpria.com]
Sent: Monday, May 16, 2005 8:17 PM
To: Comments
Cc: Victoria Whitlock

10260 SW Greenburg Roa
Suite 85
Portland, OR 972
Phone **(503) 293-84**
Fax (503) 293-84

5400 Carillon Point
Bldg 5000, 4th Floor
Kirkland, WA 98033
Phone **(425) 576-4004**
Fax (425) 823-3869

May 16, 2005

Mr. J. Gordon Seymour, Acting Secretary
Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, DC 2006-2803

Email: comments@pcaobus.org

Re: PCAOB Rulemaking Docket Matter No. 018
PROPOSED AUDITING STANDARD – REPORTING ON THE ELIMINATION OF A MATERIAL WEAKNESS

Dear Board Members:

Thank you for the opportunity to comment on this important subject.

Disclosure of a material weakness in internal controls has the potential to have a significant negative impact on a company in many significant ways, e.g. driving down a company's stock price or affecting its eligibility to compete for contracts. Because the magnitude of a material weakness could be potentially significant, Enpria feels that if a company eliminates a material weakness within the year before the annual report period, the company should be able to obtain an independent attestation that the material weakness has been corrected. Of course, this should be voluntary and would be left up to the company to determine if the additional expense of an interim attestation is warranted.

We would recommend a word change from 'eliminated' to 'has completed remediation and no longer has that specific material weakness'.

We would also like to see a range of examples added to the final decision to provide a better basis for subjective measurement. In particular we would like to request what you feel to be a spectrum of standard to non standard reporting items.

We respectfully submit the following input in the form of answers to your specified questions:

1. Does the sample auditor's report, which is included in the proposed standard, clearly describe the results of the engagement? If not, how might it communicate more clearly to report users?
Yes.

2a. If the auditor does not express an opinion on all material weaknesses identified during the company's most recent audit of internal control over financial reporting, should the proposed standard require the auditor's report to specifically identify the additional material weaknesses?
Yes.

Note: We feel it should be clear which material weakness is being opined on; reference should be given to the annual report or management comment letter where it originated.

2b. Would such a requirement provide helpful information to report users or would it detract from otherwise clear communication by implying that the auditor believes that those material weaknesses do still exist or that only those material weaknesses exist (i.e., no other controls have materially deteriorated since the date of the annual assessment of internal control over financial reporting)?

We feel it would provide helpful information. As in most reporting, it is largely a matter of clear writing and presentation technique.

3. Should this standard allow an auditor to report on the elimination of a material weakness in the circumstance in which the material weakness was identified and eliminated by management as of an interim date?

No. It seems the purpose of this standard is specifically designed toward material weaknesses that require being called out in the annual report; this type of engagement is not designed toward interim issues that are resolved.

Finally, Enpria feels this is a good step forward in allowing companies to decide what is best for them and yet protect the interest of the investing public. In working with our clients from small business to large fortune 100 companies we have come to believe strongly that "one size does NOT fit all", and that each management team should be granted the flexibility to run their businesses as they see fit. We use this criteria to draw the boundary line between public safety and unnecessary intrusion.

Once again, thank you for your time and effort and the opportunity to comment on this important subject.

Sincerely,

Victoria Whitlock, Compliance Practice Manager
With support from J Michael Hayes, Compliance Analyst