

EALIC

European Association of Listed Companies AISBL-IVZW

PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Office of the Secretary

1666 K Street, N.W.

Washington, D.C. 20006-2803

USA

BY ELECTRONIC MAIL

Brussels, 8 March 2007

Re: Proposed Auditing Standard – An Audit of Internal Control Over Financial Reporting that is Integrated With an Audit of Financial Statements and Related Other Proposals (PCAOB Release No. 2006-007)

Ladies and Gentlemen,

EALIC is submitting this letter in response to the request of the Public Company Accounting Oversight Board (the “PCAOB”) for comment on the PCAOB’s auditing standard entitled “An Audit of Internal Control Over Financial Reporting that is Integrated With an Audit of Financial Statements” and a related proposed auditing standard entitled “Considering and Using the Work of Others in an Audit.”¹

We strongly support the parallel efforts of the PCAOB and the Securities and Exchange Commission (the “Commission”)² to better balance the benefits of reporting on and auditing ICFR against the cost and complexity of the process. In particular, we welcome the efforts of the PCAOB and the Commission to encourage auditors and management to use a top-down, risk-based approach to evaluating the effectiveness of ICFR. By focusing the evaluation and audit process on the risks that are most important to effective ICFR, we believe the PCAOB’s proposed standard and the related Commission guidance have the potential to meaningfully improve the effectiveness and cost-efficiency of evaluations and audits of ICFR.

We also welcome the PCAOB’s efforts to clarify the circumstances under which auditors can rely on the work of others when performing an audit. If properly implemented, we believe this guidance will help encourage auditors to make greater use of the work product produced by management in the course of its assessment, thereby reducing the need for duplicative testing. To further encourage auditors to make use of this flexibility, however, we encourage the PCAOB to include language in the release to specifically indicate that auditors should, whenever possible, endeavor to use the work performed by management during the course of its evaluation. In the absence of evidence that would call the objectivity or competence of a company’s internal auditors into question, we believe the outside auditor should in almost all cases be willing to rely on tests performed by the company’s internal audit department.

¹ PCAOB Release No. 2006-07 (December 19, 2006)

² SEC Release No. 33-8762; 34-54976 (December 13, 2006)

Secretary General
Mrs. Dorien FRANSENS

Mail address
Rue Belliard 4-6
1040 BRUSSELS

Telephone +32 (0)2 289 25 70
Fax +32 (0)2 502 15 60
e-mail dorien.fransens@ealic.org

EALIC

European Association of Listed Companies AISBL-IVZW

* * * * *

We appreciate this opportunity to provide you with our thoughts on the proposed interpretive guidance. Please do not hesitate to contact our organization if you have any questions or need any additional information.

Very truly yours,



Dorien FRANSENS
Secretary General

cc: Public Company Accounting Oversight Board

Hon. Mark W. Olson, Chairman
Hon. Kayla J. Gillan, Member
Hon. Daniel L. Goelzer, Member
Hon. Bill Gradison, Member
Hon. Charles D. Niemeier, Member

Securities and Exchange Commission

Hon. Christopher Cox, Chairman
Hon. Paul S. Atkins, Commissioner
Hon. Roel C. Campos, Commissioner
Hon. Kathleen L. Casey, Commissioner
Hon. Annette L. Nazareth, Commissioner

Securities and Exchange Commission – Division of Corporation Finance

Mr. John W. White
Ms. Carol A. Stacey

Securities and Exchange Commission – Office of Chief Accountant

Mr. Conrad Hewitt

EALIC, the European Association of Listed Companies, promotes the common interests of European issuers on a European level. Its scope of activities includes the legal and regulatory framework specific to listed companies in general and to the issuing and trading of securities on European markets in particular. EALIC was incorporated in December 2002 as an international non-profit association. Its current member-base counts six national associations of listed companies, namely VEUO (Netherlands), ANSA and AFEP (France), ABSC-BVBV (Belgium), ASSONIME (Italy) and SEG (Poland). In addition, more than seventy public companies from the mentioned countries, as well as from Portugal and Spain, are direct members of our association. As such EALIC represents many hundreds of leading issuing companies to date.