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March 7, 2008

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

By e-mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

**Re: Internal Control Over Financial Reporting in Exchange Act Periodic Reports of  
Non-Accelerated Filers  
(Release Nos. 33-8889; 34-57258; File No. S7-06-03)**

Dear Ms. Morris:

The New York State Society of Certified Public Accountants, representing 30,000 CPAs in public practice, industry, government and education, submits the following comments to you regarding the above captioned release. NYSSCPA thanks the SEC for the opportunity to comment.

The NYSSCPA's SEC Practice Committee deliberated the release and drafted the attached comments. If you would like additional discussion with us, please contact Rita M. Piazza, the Chair of the SEC Practice Committee, at (914) 684-2700, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



David A. Lifson  
President

Attachment



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**COMMENTS ON SEC RELEASE NOs. 33-8889; 34-57258; File No. S7-06-03  
INTERNAL CONTROL OVER FINANCIAL REPORTING IN EXCHANGE ACT  
PERIODIC REPORTS OF NON-ACCELERATED FILERS**

**March 7, 2008**

**Principal Drafter**

**Robert E. Sohr**

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Ernest J. Markezin

## **New York State Society of Certified Public Accountants**

### **Comments on Securities and Exchange Commission (“SEC”) Release on Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers [Release Nos. 33-8889; 34-57258; File No. S7-06-03]**

We agree with the SEC’s proposal to delay the requirement for non-accelerated filers to provide an auditor’s attestation report on internal control over financial reporting (“ICFR”) to annual reports filed for fiscal years ending on or after December 15, 2009. This one year delay from the temporary rules published on December 21, 2006 is warranted because of the recently issued guidance for smaller companies provided by The Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), the SEC’s own interpretative guidance to assist management in complying with its ICFR evaluation and disclosure requirements, and the Public Company Accounting Oversight Board’s (“PCAOB”) issuance of Auditing Standard No. 5. Further, the SEC has yet to complete its study to determine whether the auditor’s attestation requirement is being implemented in a cost-effective manner for smaller companies, and the PCAOB has yet to issue its final staff guidance on auditing ICFR of smaller companies.

All of this guidance will prove helpful to non-accelerated filers and their auditors in complying with the requirements of Item 308 of SEC Regulation S-K (“S-K”). Many non-accelerated filers have limited financial and accounting staffs, and there is much for them to learn in order to effectively evaluate ICFR. Delaying the requirement by one year for non-accelerated filers to provide the auditor’s report required by Item 308(b) of S-K will allow management to focus their efforts initially on the ICFR evaluation and disclosure required by Item 308(a) of S-K. It will also enable auditors to benefit from the findings of the SEC’s study and the PCAOB’s final guidance.

Nevertheless, we strongly urge management of non-accelerated filers to involve their auditor in management’s initial evaluation process, even though an auditor’s report will not be required. Obtaining the concurrence of the auditor with management’s initial ICFR evaluation and the adequacy of its documentation will minimize potential disagreements between management and the registrant’s auditor when the auditor’s attestation report is subsequently required.

To reiterate, we support the SEC’s proposal. The delay of one year should be adequate for the benefits of the additional guidance to be realized. As a result, the effectiveness and efficiency of complying with the requirements of the Sarbanes-Oxley Act will be enhanced.