
From: Ian Lamdin [mailto:ilamdin@symmetricom.com]
Sent: Wednesday, February 14, 2007 6:39 PM
To: Comments
Subject: PCAOB Rulemaking Docket Matter No. 021

To whom it may concern:

I am concerned by your proposal to drop the requirement for external auditors to report on management's assessment of internal control, while keeping the external auditors' report on internal control. It seems you plan to drop the wrong report.

Firstly, investors want confidence that the attestations of the CEO and CFO are actually JUSTIFIED, and it is only the present external auditors' attestation on management's assessment that provides that confidence.

Secondly, the combination of a "clean" audit report on the financial statements and a "clean" attestation on management's assessment of internal control is tantamount to an assessment of internal control by the external auditors anyway, rendering their "Report on Internal Control" somewhat redundant. It nevertheless entails a significant amount of unnecessary and duplicative work being performed annually by the external auditors.

Thirdly, the proposal is in direct conflict with the legislation passed by Congress in 2002. Here's a cut'n'paste from SOX #404:

>>> 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 the management of the issuer. An attestation made under this subsection shall be made in accordance with standards for attestation engagements issued or adopted by the Board. Any such attestation shall not be the subject of a separate engagement. <<<

It is evident that the attestation on "the assessment made by the management of the issuer" IS legally required, whereas (to my knowledge, anyway) the external auditors' attestation on internal control ISN'T.

Fourthly, the two reports that the new proposals require would be the same the two attestations from independent auditors that were, in the late 1990s, afforded to the shareholders of Enron only. So you are now proposing that the result of the legislation that was enacted to prevent another debacle like Enron - is that all companies will receive the same attestation reports as Enron! I'm sure your detractors in the press are salivating at prospect of drawing the investing public's attention to the irony of this situation!!

Respectfully submitted.

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