Hutchinson
TECHNOLOGY

Hutchinson Technology Inc.
40 W. Highland Park Drive NE
Hutchinson, MN 55350-9784 USA
320 587 3797
320 587 1810 *Fax*

February 23, 2007

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

Re: File Number S7-24-06

Dear Commissioners,

We are writing in response to the Commissions proposed interpretive guidance for Management's Report on Internal Control over Financial Reporting. The Commission's proposed guidance is, in our view, going in the right direction, and we applaud the effort to reduce the cost that we and other public companies across the country have incurred to become SOX-compliant. The top-down risk-based approach makes sense – it's how businesses are managed. We support the proposed guidance approach of giving information on how to perform the risk assessment without proscribing exact methods that must be used.

We do offer the following comments:

1) **We disagree with the proposal to remove the external auditor's opinion on management's assessment, and we concur with other submitted comments calling for the elimination of the audit opinion on controls effectiveness, which has greatly increased the cost of SOX compliance.** Section 404 (b) of the Act states, "*…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…*".

The audit opinion on management's assessment meets the requirements of Section 404, and a review of management's process is more proactive and preemptive than an audit of controls which would be detective and after the fact.

We agree with the comments of Dennis M. Stevens, CPA, Director, Internal Audit, Alamo Group, that it is management's responsibility to maintain a system of internal control, assess its effectiveness and report on that assessment. Much of the internal control audit work done by external auditors has been redundant with management assessments.

In addition, although the SEC guidance for management states that management and the auditor can have different testing approaches, if the PCAOB guidance for the external auditors does not match the management guidance, companies will be in the position of either continuing to perform the testing the external auditors require or paying increased audit fees.

2) **More guidance is needed regarding the external auditor's ability to rely on management's work**. Testing of specific areas, such as General Computer Controls and the Financial Close & Reporting area, has not been relied upon by our external auditors. If external auditors determine that management's assessment process is effective, we believe the work performed in all areas should be able to be relied upon?

3) In connection with the Commission's request for comments on whether the proposed guidance requires unnecessary changes to evaluation processes that companies already have established, **We believe the change in approach to a top-down risk-based assessment will require additional time to change our assessment from the current controls-focused assessment.** A process to identify and document financial reporting risks will need to be developed, scrutinized and reviewed with our external auditors, upper management and our Audit Committee. Justification for the controls selected for testing also will need to be documented and reviewed. Test plans will need to be modified based on the controls identified for testing. This increase in effort should be a one-time impact. Long-term we think the top-down risk based approach is better but it will require extra time and cost now to change our approach.

Thank you for consideration of these comments.

Respectfully submitted,

Debra Wolter

Debra L. Wolter
Director of Internal Audit
Hutchinson Technology Incorporated