SOCIETY OF CORPORATE SECRETARIES
& GOVERNANCE PROFESSIONALS

July 18, 2007

Ms. Nancy M. Morris, Secretary
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

VIA E-MAIL (rule-comments@sec.gov)

Re: File Number S7-24-06
Definition of a Significant Deficiency

Dear Ms. Morris:

The Society of Corporate Secretaries & Governance Professionals is a professional association, founded in 1946, with over 4,000 members who serve more than 3,000 issuers. Responsibilities of our members include supporting the work of corporate boards of directors, their committees and executive management regarding corporate governance and disclosure. Our members assure issuer compliance with the securities laws and regulations, corporate law, stock exchange listing requirements and the accounting rules, and have been on the front-line in implementing the structural changes necessitated by the Sarbanes-Oxley Act of 2002 and the related rules of the Securities and Exchange Commission, the Public Company Accounting Oversight Board and the exchanges. The majority of Society members are attorneys, although our members also include accountants and other non-attorney governance professionals.

We appreciate the Commission's interest in reconsidering the definition of “significant deficiency” contained in the Commission’s rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act relating to internal control over financial reporting. As we have advised in prior comment letters, our member companies often spend many hours evaluating deficiencies that could potentially be "significant" but management and the outside auditors agree do not constitute a material weakness. These discussions can be very time-consuming (taking as many as 80 hours in some circumstances) and typically occur immediately before an Audit Committee meeting and the filing of the quarterly or annual reports with the SEC, when members of financial management and the Company's lawyers have many other demands on their time.

We agree that the term “significant deficiency” should be the focus of the communications between management, audit committees and independent auditors. In addition, we appreciate that the proposed definition of significant deficiency gives management flexibility to determine which deficiencies should be brought to the

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attention of the audit committee and the external auditors. Finally, we recommend that the definition not explicitly include a likelihood component.

We believe that the proposed definition may slightly reduce the amount of time it takes for management to evaluate whether an identified deficiency is a significant deficiency, as the new definition may reduce the risk of an error in how a deficiency is categorized – *i.e.*, if management believes it is not important enough to bring to the audit committee, then it is deemed not to be a significant deficiency. However, the proposed definition suggests that if a deficiency is reported to the audit committee and the external auditors, it cannot be identified as "insignificant." We think this is an undesirable result.

To provide management with additional flexibility to bring to their audit committees matters that are not considered significant deficiencies but that, nonetheless, they believe should be brought to their audit committee for other reasons (for example, because (1) the audit committee has asked to be advised about all deficiencies or (2) management believes that in one or more particular instances the audit committee may be interested in a deficiency that does not rise to the level of significant deficiency), we request that the revised definition include specific language to the effect that, notwithstanding the definition, management may, in its discretion, bring a deficiency to the audit committee and the external auditors that it identifies as insignificant.

We appreciate this opportunity to share our views with you, and would be happy to provide you with further information to the extent you would find it useful.

Respectfully submitted,

The Society of Corporate Secretaries and Governance Professionals

By: Stacey K. Geer, Society PCAOB Subcommittee Chairperson

cc: Lydia Beebe, Society Chairman
Craig Mallick, Society Chairman-Elect
Neila Radin, Securities Law Committee Chairman
David W. Smith, Society President