

October 30, 2005

Mr. Jonathan G. Katz
Committee Management Officer
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-9303

File No.: S7-06-03

Request for Public Input by SEC on Internal Control Reporting Requirements for Companies that are Not Accelerated Filers

Dear Mr. Katz:

Grant Thornton LLP appreciates the opportunity to comment on the U.S. Securities and Exchange Commission's (SEC or Commission) request for comment on the internal control reporting requirements for companies that are not accelerated filers.

The following are Grant Thornton LLP's responses to the questions posed by the SEC.

Should there be a different set of internal control over financial reporting requirements that applies to smaller companies than applies to larger companies? Would it be appropriate to apply a different set of substantive requirements to non-accelerated filers, or for management of non-accelerated filers to make a different kind of assessment? Why or why not? If you think that there should be a different set of requirements for companies that are not accelerated filers, what should those requirements be? What would be the impact of any such differences in the requirements on investors?

We do not support establishing a different set of internal control over financial reporting (ICFR) requirements for smaller companies. Companies that want access to the public markets should have procedures in place to provide reasonable assurance that their financial information is reported completely, timely, accurately and in accordance with generally accepted accounting principles. Some studies indicate that nearly half of public companies restating their financial statements have under \$100 million in revenues. Allowing non-accelerated filers to focus less on the quality of their internal controls over financial reporting would be detrimental to the quality of financial information these companies produce.

Would a public float threshold that is higher or lower than the \$75 million threshold that we use to distinguish accelerated filers from non-accelerated filers be more appropriate for this purpose? If so, what should the threshold be and why? Would it be better to use a test other than public float for this purpose, such as annual revenues, number of segments or number of locations or operations? If so, why?

While the \$75 million threshold may not be perfect, we believe that it is a relatively effective measure of company size. We would not object to coupling the \$75 million threshold with another measure like revenue, but we do not believe that excessively complicated measures would be necessary or helpful.

We do recommend, however, that the SEC consider moving the measurement date for determining accelerated filer status to the beginning of the previous fiscal year-end in question, rather than the end of the second fiscal quarter. This would provide companies close to the threshold with enough time to prepare to meet the related requirements. This same beginning-of-year measurement date has been used successfully by banks in determining whether they needed to comply with the internal control reporting requirements of the Federal Deposit Insurance Corporation Improvement Act.

To avoid “spikes” in public float, we recommend consideration be given to requiring companies to meet the threshold for two consecutive six-month fiscal periods, i.e., at the end of their fiscal year end and again at the end of their second fiscal quarter.

Should the independent auditor attestation requirement be different for smaller public companies? If so, how should the requirements differ?

We do not believe the independent auditor attestation requirements should be different as it is not in the public interest to do so.

Should the same standard for auditing internal control over financial reporting apply to auditors of all public companies, or should there be different standards based on the size of the public company whose internal control is being audited? If the latter, how should the standards differ?

We do not believe there should be different ICFR standards based on the size of a public company.

How can we best assure that the costs of the internal control over financial reporting requirements imposed on smaller public companies are commensurate with the benefits?

We believe the recently released for comment Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework for Smaller Businesses will provide valuable guidance in aligning the costs of Sarbanes-Oxley section 404 implementation with the benefits.

Although the up-front costs incurred by many companies to gain knowledge and experience when implementing Sarbanes-Oxley Section 404 are significant, we believe the long-term benefits of restoring and maintaining investor confidence in the public market outweighs these costs. Our non-accelerated filer clients who started the implementation process early have significantly reduced both financial and operational burdens by spreading the costs over a longer period of time due the various SEC

extensions. In addition, we believe that companies will realize the cost/benefits more abundantly in year 2 of SOX 404 compliance.

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We thank you for the opportunity to comment and would be pleased to discuss any of our comments with the Commission or its staff. Please direct your questions to Karin French, Partner in Charge of SEC and Regulatory Matters, at (703) 847-7533 or John Archambault, Managing Partner of Professional Standards (312) 602-8701.

Very truly yours,

Grant Thornton LLP