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**From:** Phillips, Laura  
**Sent:** Wednesday, January 10, 2007 5:15 PM  
**To:** Comments  
**Subject:** Rulemaking Docket Matter No. 21

-----Original Message-----

From: Thorsten-Trygve Stegmann [mailto:TrygveSt@gmx.de]  
Sent: Tuesday, January 02, 2007 6:06 AM  
To: Phillips, Laura  
Subject: proposed new AS No.2 "significant deficiency"

Dear Mrs. Phillips,

during my study of the proposal of the new auditing standard no.2 I had slight difficulties with the change in the definition of "significant deficiencies" as the header itself indicates a certain importance but by using the word "significant" again in the definition and defying it as less than material ... (see page 10 & 11, question 7) mitigates the overall definition itself. I believe this will broaden the gap between material weakness and significant deficiency too much. It can not be the objective to put too much emphasize on the material weakness as you run into the danger of loosing the stated "benefits" (page 2) as companies could loose their focus on the process controls. It is not impossible to cover all process controls by the top down approach, therefore a underestimated process control not covered by a management control and defined as a significant deficiency could have an unwanted impact on the financial reporting.

Kind regards

Thorsten Stegmann

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