



August 15, 2008

Committee of Sponsoring Organizations of the
Treadway Commission

RE: *Guidance on Monitoring Internal Control Systems*

To Whom It May Concern:

One of the expressed goals of the Texas Society of Certified Public Accountants (TSCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TSCPA has established a Professional Standards Committee (PSC) to represent those interests on accounting and auditing matters. The PSC has been authorized by the TSCPA Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this letter have not been approved by the TSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the TSCPA. We appreciate the opportunity to provide input into your deliberations on the exposure draft (ED) titled *Guidance on Monitoring Internal Control Systems*.

Our committee members spent a considerable amount of time reviewing the guidance provided in this ED. The extent of the effort required to produce this ED is evidenced by the fact that the length of the Executive Summary exceeds the length of most of the standards recently issued by other standards setting bodies. This document represents a thorough presentation and examination of the concept of monitoring internal control systems. The PSC recognizes the effort that went into the development of this document, and we commend COSO for its conscientious commitment to a comprehensive presentation.

Regarding the questions posed in the ED, we were in agreement as a committee that our answers were a "yes" to each of the questions presented. We did have a comment regarding whether all the examples referred to in Question 29 did in fact achieve the objective of "articulating how the guidance might be applied." We believe example 37 is the weakest of the examples provided and does not effectively articulate how the guidance might be applied. This example is quite generic in its description of the factors that are considered in ranking identified control deficiencies. We suggest that COSO continue to review all the examples by getting input about their relevance from those who perform the monitoring function in business entities. However, we do believe that example 37 should be deleted and replaced by a more relevant and realistic example.

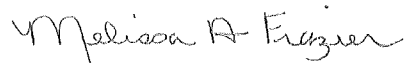
The only other specific comment we have relates to Chapter III. We believe the guidance in Chapter III is a significant improvement over any other guidance that may have been available in this area. However, we encourage COSO to remain aware of the trends in outsourcing and the need for constant assessment of, and additions to, the guidance regarding how outsourcing is monitored.

We appreciate the opportunity to provide our input into the development of guidance on monitoring internal control systems. We believe the ED provides guidance that is timely, relevant, and

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comprehensive and should greatly enhance the internal control monitoring process in business organizations.

Sincerely,

A handwritten signature in cursive script that reads "Melissa A. Frazier".

Melissa A. Frazier, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants