Wood, Yvonne

From: LiMeng Neo [LiMeng.Neo@tnt.com]
Sent: Monday, May 01, 2006 6:42 AM
To: Rule-Comments
Subject: 4-511 (SN# 58) (jss)

Dear Commission

I am working in a Foreign Private Issuer (TNT N.V.) and although we will only be filing SOX 404 for the first time this year, we have started the SOX404 initiatives since the end of 2003. This year will be the second time we are performing full management testing. As with other issuers, we have designed our management testing strategy very much based on the AS2 (from PCAOB). After our first year testing experience, I found one important factor that has not been clearly addressed in the AS2. The following is a short description:

Companies with significant locations and within the significant locations, there are multiple homogeneous operating facilities
In the case of TNT Express (an Express transportation company), we operate in over 60 countries, 6 of these have been defined as significant location for SOX testing. These 6 countries operate as individual entities with its own management team and the Managing Director of these entities report into the Group Managing Director in the Head Office.

Due to the nature of our business, within each country, we have between 30 to 100 operating facilities. The main key controls at these operating facilities are those that addresses revenue completion and authorisation of payroll hours. All the other key controls are executed at the country head office. These operating facilities operate in the same manner, using the same IT systems which are hosted centrally. In terms of testing the key controls in the operating facilities, I have proposed to the auditor that because they are homogeneous and relatively low risk activities, we can reduce the amount of testing done in these facilities. At the moment, the auditor recommended that we test at least 15% of the locations with full sample size testing in each location.

I'm sure there are many companies out there who's nature of business is similar to TNT (probably manufacturing comapnies). I would very much like to get some guidance from the SEC/PCAOB on how to make management testing more efficient in cases where within a significant location, there exist multiple operating facilities.

Below are my contact details. Thank you for your attention.

Regards
LiMeng

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