Alamo Group

Always On The Cutting Edge℠

Dennis M. Stevens
Director, Internal Audit
Alamo Group
1627 E. Walnut
Seguin, TX 78155
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Office of the Secretary
PCAOB
1666 K Street, N.W.,
Washington, DC 20006-2803

Re: Preliminary Staff Views – October 17, 2007

Gentlemen:

The staff views concerning "An Audit Of Internal Control That Is Integrated With An Audit Of Financial Statements" as further defined in AS 5 serve to further clarify the level of assurance investors receive through the audit of internal control. On page 10 of that 52 page document, we note the following observations concerning differences between an audit of internal control and the more familiar audit of financial statements:

> To express an opinion on internal control . . . , the auditor must obtain evidence . . . that internal control has operated effectively for a sufficient period, which may be less than the entire period (ordinarily one year) covered by the company's financial statements. . . . In an audit of financial statements, the auditing standards require the auditor to obtain evidence that the relevant controls operated effectively during the entire period for which the auditor plans to place reliance.

This means if an auditor performs an external 'audit of internal control' and fully satisfies the requirements of AS 5; the auditor does ***not*** have a sufficient basis for relying on the company's controls when validating its financial statements. Without doing control testing that covers the full fiscal year the auditor of financial statements ***cannot*** rely on the more limited testing that may be performed in conjunction with the audit of internal control.

While this clarification is helpful, **we believe it inappropriate for the PCAOB to require external auditors to offer investors a level of assurance that external auditors themselves cannot rely upon, particularly when that level of assurance is obtained at an extraordinarily high cost to all registrants.**

We strongly urge the PCAOB and SEC to work with Congress to pursue ways of more reasonably defining requirements presently imposed on public accounting firms while reinforcing the notion that maintaining, assessing and reporting on internal controls is primarily a *management* responsibility that *management* must satisfy as *management* considers necessary and appropriate to protect and enhance shareholder value.

Respectfully submitted,

Dennis M. Stevens
Director, Internal Audit
Alamo Group
dstevens@alamo-group.com