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To: Comments
Subject: Docket 21

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Thank you for allowing the opportunity to comment on the proposed standards. We are pleased that these changes are being proposed to bring this closer to a reasonable cost-benefit balance. We have endured several years of spending millions of dollars working very deep in the details that are often insignificant, and we are ready to focus on the controls that really matter from a higher level.

We have two specific points of feedback:

1) We believe there is a significant gap between the proposed standards of the SEC and PCAOB. The audit firms will likely continue to drive the compliance requirements, making the SEC version far less relevant. We think this gap should be narrowed, and that the SEC version provides a more reasonable approach. The SEC version appears to allow different ways of evaluating whether controls are working, with fewer specific documentation requirements to allow flexibility appropriate to different circumstances. We believe that greater professional judgment is must be allowed, and if such judgment is made reasonably and in good faith, then this should prevail.

2) We believe the application of reasonable professional judgment is necessary, and that the PCAOB auditors must allow for this in their inspection of the audit firms. This will in turn allow the firms to exercise reasonable audit steps in their work with companies. We believe this lacked in the last two years, and is a primary reason for the excessive costs associated with section 404 compliance. We believe that in the first year, firms established very stringent, detailed steps necessary for companies to demonstrate compliance. Based on the interpretation of PCAOB auditors, and their evaluation of firms after the first year audits, the firms took an even more detailed approach.

For example, we finished our first year of the 404 audit with very high marks. Our Big 4 audit firm noted that our internal controls and compliance rated in the Top 1% of companies our size within their client base. Yet our second year requirements were even greater, and we spent even more time drilling much deeper into what we consider insignificant details with limited internal control implications. The feedback from our audit firm was that in part, the PCAOB auditors were enforcing a much deeper level of documentation and testing, so they had no choice but to do the same. We have heard this same feedback from other companies as well.

The actions of the PCAOB auditors create a multiplier effect. The auditor's interpretations will determine the minimum requirements on the firms, which will determine the minimum requirements the firms place upon companies. In each case the minimum requirements are only the minimum, with greater actual requirements being determined in each step based on each layer covering their bases. We believe this has cost companies hundreds of millions of dollars of unnecessary spending.

Respectfully Yours,

Lee Matecko
Vice President, Operational Finance
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