From: Vanzanen, Roger [Roger.Vanzanen@premcor.com]
Sent: Wednesday, November 12, 2003 12:13 PM
To: Comments
Subject: PCAOB Rulemaking Docket Matter No. 008

Sirs:

I believe the rule proposes inadequate audit activities with regard to management's Notes and MD&A to the Financial Statements, Its Certifications with regard to the Disclosure Process (Section302) and the Internal Controls surrounding that disclosure process which would assure that all disclosable items are considered for disclosure.

1. I believe the Directive now contained at SEA(1934) 13a #5. "No person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record or account described in paragraph (2)", must be certified by management and the basis for that assertion must be adequately audited by the external auditor.

2. The matters for Section 302 Certification include: 1. No untrue statements of material facts, 2. No omissions of material fact, 3. Fairly present (which by logic includes compliance with Section 401 disclosures including those concerning Off-Balance Sheet relationships), 4. Disclosure control design, 5. Internal control evaluation at end of period, 6. Conclusion formed by the Internal Control evaluation is presented in the filing, 7. Have disclosed all significant weaknesses to the auditors and Audit Committee, 8. Have disclosed any fraud by an employees with significant internal control responsibility, 9. Have disclosed in the filing all significant changes in Internal Control, including corrective actions, 10. Under 401, the existence and operation of the Disclosure
Committee, 11. Under 403, transactions by management and principal Officers (Section 16), 12. Under 406, the existence of a Code of Ethics, 13. Under 407, the Financial expert on the Audit Committee, 14. Under SEA(1934), Section 13a. Directive 5. "No person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record or account described in paragraph (2)". The Company's Code of Conduct should include prohibitions against: 1. Conflict of Interest, 2. Giving gifts, 3. Receiving gifts, 4. Competition with the company, 5. Non-compliance with laws and regulations, 6. Fraud, including tampering with records, mail and wire fraud, providing untruthful or misleading supporting documentation for company payments and
causing transactions to be recorded incompletely or inaccurately, 7. The
use of unrecorded company funds, 8. Failure to cooperate with auditors or
attempting to influence them unduly or misleading them, 9. Insider
Trading violations.
Management's design of a data collection process that justifies these assertions by the CFO/CEO might include an annual cascading representation against a checklist of all relevant compliance issues and quarterly "negative assurance" against that same list, supplemented by specific responses in their areas of expertise by designated Subject Matter Experts.

The effectiveness of the process behind the 302 Certifiation should be commented on by the Auditor, whether or not he feels it is adequate.

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