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Via email to comments@pcaobus.org

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 34 – Release No. 2016-003

Chevron Corporation (Chevron) appreciates the opportunity to comment on the Public Company Accounting Oversight Board's (PCAOB) update to the proposed auditing standards (the "Update") and related amendments to current standards addressing the auditor's reports on audited financial statements – Rulemaking Docket Matter No. 34: *The Auditor's Report on an Audit of Financial Statements when the Auditor Expresses an Unqualified Position; And Related Amendments to PCAOB Standards.*

Chevron is one of the world's leading integrated energy companies. Through its subsidiaries that conduct business worldwide, the company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemicals and additives; generates power and produces geothermal energy; and develops and deploys technologies that enhance business value in every aspect of the company's operations.

We support the PCAOB's efforts to develop audit standards that enhance the usefulness of corporate reporting to the investor. As communicated in our comment letters of September 21, 2011 and December 12, 2013 regarding the two previous releases on this matter, we continue to strongly believe in the core principle that it is management's, not the auditor's, responsibility to provide investors with financial and other company-specific information. We believe that the Update requiring the audit report to include Critical Audit Matters (CAMs) does not support that core principle and would not provide value-added information to the investor. We do, however, appreciate the PCAOB removing the proposal to include the evaluation of other information such as the Management Discussion & Analysis and hope it is not required in the future since evaluation of strategies, forward looking statements, and risks and litigation, are difficult and time consuming to audit and would add substantial audit costs that would be borne by the shareholder.

Critical Accounting Matters

We believe that the current requirements regarding the auditor's reporting of material items are functioning effectively. While we acknowledge the Board's efforts to narrow the scope of the Update based on feedback received on the earlier proposals, we do not believe the auditor's report should be expanded to include CAMs, when the opinion overall is unqualified for the following reasons.

The proposed structure for the CAMs would mean that the auditor's report would contain discussion on matters that were fully resolved through the established channels of internal control including internal and external audit, disclosure committee discussions, management certifications, and the Board Audit Committee. We do not believe that calling out key events and difficult judgments separately in the auditor's report would serve to clarify the technical and subjective matters to the investor.

We also believe the company-specific factors proposed to be communicated via the CAMs are already adequately covered in both the Management's Discussion and Analysis portion and in the Notes to the Consolidated Financial Statement section of annual report, including discussions of Critical Accounting Estimates and Assumptions, Summary of Significant Accounting Policies, New Accounting Standards, and in the Results of Operations. We do not believe that this proposed format will provide new or meaningful information to the investor. In addition, we believe that including CAMs in the auditor's report will contribute to disclosure overload and conflict with the expressed opinion by both the FASB and SEC for companies to produce annual reports with more concise and meaningful content.

We are also concerned that the additional processes to determine and fully document which of the matters should be included as a CAM and why each was, or was not, included in the auditor's report would require significant additional effort by the external audit staff, the company's management and the Board Audit Committee. The Update calls for even more documentation by requiring the auditor to describe, in detail, how the CAM was addressed in the audit as well as refer to relevant financial statement accounts and disclosures. This could not be accomplished within the window for filing without reducing the time available to assure the quality of preparing the core financial report and performing the external financial audit. We also expect these proposals would result in significant additional costs to the company's shareholders given the extra time and resources required to meet the requirements from both external audit and corporate staffs.

While we do not believe CAMs should be introduced in the auditor's report, we appreciate that the Update introduces materiality to the scope of CAMs. However, the present wording in the Update suggests CAMs related to material accounts or disclosures should be included in the auditor's report. Rather, we believe the intent of the Update is to only disclose material CAMs.

Regarding any possible implementation of the Update, we feel the effective date should be no sooner than two years after final approval by the SEC.

If you have any questions on the content of this letter, please contact Al Ziarnik, Assistant Comptroller, at (925) 842-5031.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Ourada", written in a cursive style.

Jeanette Ourada