



Matthew J. Foehr
Vice President and
Comptroller

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Tel 925 842 3232
Fax 925 842 2280

December 12, 2013

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. 2013-005

Chevron Corporation (Chevron) appreciates the opportunity to provide comments to the Public Company Accounting Oversight Board (PCAOB) on the two new proposed auditing standards 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; The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor's Report; And Related Amendments to PCAOB Standards.*

Chevron is a global, integrated energy company based in San Ramon, California. The company explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and other energy products; manufactures and sells petrochemical products; generates power and produces geothermal energy; provides energy efficiency solutions; and develops the energy resources of the future, including biofuels. The company's activities are widely dispersed geographically with operations in North America, South America, Africa, Asia, Australia and Europe.

We support the PCAOB's efforts to develop audit standards that enhance the usefulness of corporate reporting to the investor. Re-iterating the core principle put forth in our September 21, 2011 comment letter on the concept release, while there may be some opportunity for improvement within the current auditor's report to clarify what an audit represents and what an independent auditor's responsibilities are, we strongly believe that it is management's responsibility to provide investors with information about the company and the financial statements. We believe that the proposal 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 are also concerned that the proposed extension of the auditor's report to include the evaluation of information, such as the Management Discussion and Analysis (MD&A), in the annual report other than core financial statements would expand evaluation to strategies, forward looking statements, risks and litigation, which are difficult to audit.

Critical Accounting Matters

We support the PCAOB's decision to retain the "pass/fail model" and believe that the current requirements regarding the auditor's reporting of material items are functioning effectively. However, we do not believe the auditor's report should 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, the Board Audit Committee, and management certification of the report. 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 or support the corporate reporting function. Highlighting only a few matters for discussion in the auditor's report would suggest to the investor those are areas where the results reviewed and approved by management are not as certain.

We also believe the company-specific factors proposed to be communicated via the CAMs are 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, including CAMs in the auditor's report conflicts with the expressed interest 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 audit staff, external reporting, management and the Board Audit Committee. This could not be accomplished within the window for filing without reducing the time available to assure the quality of the financial audit and the core reporting. We also expect these proposals would result in significant additional costs to the company given the extra time and resources required to meet the requirements from both external audit and corporate staffs.

Reporting on Other Information

The proposed standard addressing the expansion of auditor's responsibility from the "read and consider" if other information is materially consistent with the annual report to "read and evaluate" and further, to include a summary evaluation in the auditor's report, may pose more questions than answers. For example, an evaluation of the information in the MD&A section would cover many different types of data including strategies, forward-looking statements, risks and litigation. This type of data is not conducive to normal evaluation procedures as it is based on the best judgment of management and is often difficult to predict, unlike the audit of the financial statements and corresponding notes which reflect the actual transactions based on accounting standards. We believe it would be very difficult to communicate in the auditor's report precisely which data and statements were evaluated. In addition, following on the comment above, this would add steps to be accomplished during a limited window and we do not believe these steps would improve the overall quality of the results.

To summarize, we believe the core role of the independent auditor should continue to focus on completing the audit effectively and enhancing its communication with management and the Board Audit Committee, within existing standards, which we believe to be adequate.

* * *

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

Very truly yours,



Matthew J. Foehr