

Following our my responses in respect of the questions invited for comment related to SOX s.404 for Teekay Shipping Corporation:

1. Yes. All. Needs to be fairly general to be applied by all, leave room for judgement.
2. No special issues
3. Broad principles
4. No
5. Interpretive guidance is preferable to prescriptive.
6. risk assessment to reduce testing
7. Guidance is always useful. Highlights of specific areas where mgmt can depart from AS2 (e.g. walkthroughs).
8. Felt we had to because became defacto default.
9. Yes, where relevant.
10. Believe ext audit should only sign off on mgmts work, not do their own which is complete duplication especially since our auditors have refused to rely on our work.

11. Some examples of where applying this makes sense would be useful (e.g. where payroll is marginally material for a company, the risk of material error is extremely low and mgmt analytical review should suffice).

12. yes
- 13.
- 14.
15. A list of questions from SEC would be better than relying on ext audit lists.
16. yes
17. yes - at a sufficiently high level.
18. Some guidance on this would be useful outside of following ext audit guidance.
19. specific examples would be useful
- 20.yes. We have relied upon budget to actual reviews by mgmt.
- 21.
- 22.Currently using ext audit guidance on testing levels, so mgmt guidance would be useful.
23. yes
- 24.
25. yes... examples would be useful.
26. yes. Again examples would be best
- 27.
28. sharing examples from real life companies would be best
29. yes. We're currently using COBIT Lite (for SOX compliance).
30. see above.31.
- 32.
- 33.Guidance on wheter mgmt needs to document walkthroughs and reference key controls in its documentation .
34. yes
- 35.

Extra comment:

There is no method to control billings by external auditors since the work is mandated and is contingent upon our work and state of controls. Thus they have a blank check to charge whatever they please and do as much work as they need to in order to keep staff fully utilized and lower their risk as much as possible. Some advice on how to control the auditors' costs would be appreciated.

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