



Paris La Defense, February 29, 2012

Public Company Accounting Oversight Board (PCAOB)

Office of the Secretary

1666 K Street, N.W.

Washington, DC 20006, USA

Attention: J. Gordon Seymour, Secretary, and the Members of the Board

Re: PCAOB Release No. 2011-008 - December 20, 2011 - PCAOB Rulemaking Docket Matter No. 30:
Proposed Auditing Standard on Communications with Audit Committees, Related Amendments to
PCAOB Auditing Standards and Transitional Amendments to AU sec. 380

Dear Sirs,

MAZARS is pleased to submit this letter in response to the request for comments from the PCAOB, on its Proposed Auditing Standard on Communications with Audit Committees.

MAZARS is a unique integrated partnership with a global reach. It operates as one integrated international partnership in 68 countries, with nearly 13,000 professionals, led by more than 700 partners, with 14 additional countries where MAZARS is present through correspondents and joint ventures (see MAZARS annual reports together with its IFRS joint-audited consolidated financial statements, published since 2005, on <http://annualreport.mazars.com>).

MAZARS is a founding member of 'Praxity', an alliance of firms operating in 82 countries with more than 28,000 professional, one of the world's largest alliance of independent accounting firms.

MAZARS is also a member of the International Federation of Accountants' (IFAC) Forum of Firms, thus fully supporting, since many years now, the initiatives of IFAC to promote high quality standards in the international practice of auditing.

In addition to the statements of its previous comment letter dated October 2010, MAZARS strongly supports the PCAOB work on improving and enhancing the communications between auditors and audit committees. We believe that an effective two-way communication between the audit committee and the auditors can substantially improve the financial reporting process as a whole.

PCAOB can also refer, on the Communications with Audit Committees, to the MAZARS Response to the European Commission (EC) Green Paper on Audit Policy: *Lessons from the Crisis*:
<http://www.mazars.com/Home/News-Media/Latest-news2/Mazars-contribution-to-the-Green-Paper>

We would be pleased to discuss our detailed comments submitted hereafter with you and remain at your disposal, should you require further clarification or additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Barlet'.

Jean-Luc Barlet

MAZARS Group Chief Compliance Officer



Conclusion and general comments

MAZARS is an international, integrated and independent organization, specializing in audit, accountancy, tax, legal and advisory services.

MAZARS was founded with certain core values: Independence, Competence; Intellectual and Ethical Rigor and Integrity; Sense of Service and Responsibility; Continuity; Respect for Individuals and Diversity.

As stated above, MAZARS believe that an effective two-way communication between the audit committee and the auditors can substantially improve the financial reporting process as a whole.

MAZARS urges the PCAOB to properly delineate the responsibilities of auditors and audit committee (who does what and when) in this standard-setting project while avoiding redundancy with existing rules and regulations, and also keeping in mind the underlying cost-benefit consideration of such communications.

MAZARS thanks the PCAOB for its outreach efforts directed to the profession and public at large during this consultation process, and for taking into consideration the work of other standard setters (e.g., FASB, IASB, ASB, and IAASB).

Below are our specific comments on the re-proposed auditing standard relating to Communications with Audit Committees and Related Amendments to PCAOB Standards. Please note that MAZARS responded to the first proposal with its comment letter dated October 21, 2010¹.

Q. 1.: Are the communication requirements in the new proposed standard appropriately aligned with the performance requirements in the risk assessment standards, where applicable? If not, why?

Yes, based on our review of these proposed communication requirements in light of the PCAOB new risk assessment standards², it appears that these proposed communication requirements adequately aligned with the performance requirements in the new risk assessment standards.

Q. 2.: The communication requirements included in the new proposed standard are based on the results of procedures performed during the audit. Are there additional matters that should be communicated to the audit committee that also are based on existing auditor performance obligations?

MAZARS believes that the new proposed communication requirements along with the already existing required communications with audit committees³ are adequate and sufficient to provide audit committee with quality information that could improve the overall financial reporting process. Redundancy and confusion should be avoided at all costs.

¹ http://pcaobus.org/Rules/Rulemaking/Docket030/043_Mazars.pdf

² <http://pcaobus.org/Standards/Auditing/Pages/default.aspx>

³ Appendix B of this proposal – Communications with Audit Committees Required by Other PCAOB
http://pcaobus.org/Rules/Rulemaking/Docket030/Release_2011-008.pdf

Q. 3.: The auditor is required to have the engagement letter executed by the appropriate party or parties on behalf of the company. If the appropriate party or parties is other than the audit committee, or its chair on behalf of the audit committee, the auditor should determine that the audit committee has acknowledged and agreed to the terms of the engagement.

a) Is the requirement in the standard clear?

Yes, this requirement is clearly stated.

b) As stated, the new proposed standard allows the acknowledgment by the audit committee to be oral. Should the acknowledgment by the audit committee, or its chair on behalf of the audit committee, be required to be in a written form or is oral acknowledgment sufficient?

The audit committee has the responsibilities to hire, compensate, and oversee the work of the external audit engagement firm. The engagement letter materializes the understanding between both parties. The purpose of the engagement letter is to “crystallize” the objectives of the engagement, the responsibilities of the auditors, and the responsibilities of the audit client. As such, the acknowledgment by the audit committee, or its chair on behalf of the audit committee, should be required to be in a written form. To be enforceable in a court of law, this acknowledgment by the audit committee should be in writing.

Q. 4.: Is the requirement for the auditor to communicate significant unusual transactions to the audit committee appropriate? If not, how should the requirement be modified?

Yes, MAZARS believes that the requirement for the auditor to communicate significant unusual transactions to the audit committee is appropriate. This is consistent and in line with SAPA 5⁴ (Communicating with Audit Committees, page 10 of 12).

Q. 5.: Is the requirement appropriate for the auditor to communicate to the audit committee his or her views regarding significant accounting or auditing matters when the auditor is aware that management has consulted with other accountants about such matters and the auditor has identified a concern regarding these matters? If not, how should the requirement be modified?

Yes, it is appropriate to require the auditors to communicate to the audit committee their views regarding significant accounting or auditing matters when the auditors are aware that management has consulted with other accountants about such matters and the auditors have identified a concern regarding these matters.

⁴ Alert No. 5: Auditor Considerations Regarding Significant Unusual Transactions (April 7, 2010) - http://pcaobus.org/Standards/QandA/04-07-2010_APA_5.pdf

Q. 6.: Are the amendments to other PCAOB standards appropriate? If not, why?

The amendments to other PCAOB standards are appropriate.

Q. 7.: The Board requests comments regarding the audits of brokers and dealers on the following matters:

- a) Whether the communication requirements under the Board's interim standard, AU sec. 380, should be applicable to audits of brokers and dealers if audits of brokers and dealers are to be performed under PCAOB standards before the new proposed standard becomes effective? If so, should it be applicable to audits of all brokers and dealers?**

MAZARS is of the opinion that the communication requirements under the Board's interim standard, AU sec. 380, should not be applicable to audits of brokers and dealers earlier.

- b) Whether the auditor's communications to audit committees included in the new proposed standard should be applicable to all audits of brokers and dealers?**

MAZARS believes that the auditors' communications to audit committees included in the new proposed standard could generally be applicable to most of the audits of brokers and dealers. However, we believe that there should be a possibility of tweaking the proposed standards to the uniqueness and specificities of certain audits of brokers and dealers. These proposed auditing standards should not be an all-size fit all.

- c) Are there any communication requirements specific to audits of brokers and dealers that should be added to the new proposed standard? Alternatively, are there any communication requirements contained in the new proposed standard that should not be applicable the audits of brokers and dealers? If so, provide examples and explanations for why the communication requirements for audits of brokers and dealers should be different from other audits covered by the new proposed standard.**

Please refer to response 7 b) above.

We believe that overall and in general, the communication requirements as proposed in the new standards can basically cover the specific needs of the audit committee during audits of brokers and dealers. But, there should be room for unforeseen events.