



Paris La Defense, March 2, 2010

Public Company Accounting Oversight Board

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. 2009-007 December 17, 2009 - Rulemaking Docket Matter No. 026 - Mazars comments to the PCAOB request for public comment on Re-proposed Auditing Standards related to the Auditor's Assessment of and Response to Risk and Proposed Conforming Amendments to PCAOB Standards

Dear Sirs,

Mazars is a unique integrated partnership with a global reach. It operates as one integrated international partnership in 55 countries with more than 12,000 professionals, led by more than 600 partners, with 16 additional countries where Mazars is present through correspondents and joint ventures (see Mazars 2009 annual report with its recent update, its 2009 IFRS joint-audited consolidated financial statements, and all the annual reports published since 2005 on <http://www.annualreport.mazars.com/eng/>).

Mazars is one of the founding members of 'Praxity', an alliance of 109 firms operating in 72 countries with more than 24,500 professionals, and an aggregated fee income of US\$ 3.2 billion (Euro € 2.3 billion), including Mazars Group. Praxity is the world's largest alliance of independent accounting firms and is ranked in 8th position overall (International Accounting Bulletin's survey of Networks and Associations).

Mazars has built a complete range of audit, accountancy, tax, legal and advisory services, designed to create added-value and to contribute to the success of clients in small and large listed companies, public institutions, and high net-worth individuals. Mazars was founded with certain core values: Independence, Competence; Intellectual, ethical and moral rigour and integrity; Sense of service and responsibility; Continuity; Respect for individuals and diversity.

We are pleased to submit this letter in response to the request for public re-consideration from the PCAOB on its Re-proposed Auditing Standards related to the Auditor's Assessment of and Response to Risk and Proposed Conforming Amendments to PCAOB Standards.

Before specifically answering the below comment letter questions, we would like to make some general comments about these PCAOB proposed Auditing Standards and Conforming Amendments.

We want to preface our comments with the general consideration that we support implementation of rules and auditing standards strengthening the audit quality.

Mazars is therefore fully committed to support PCAOB initiative, as well as those of IFAC, European Commission and other key national regulators or oversight that have been already doing good work and are implementing frameworks of coherent auditing standards worldwide, with clear audit objectives, in these areas of common concern.

Mazars is very supportive of the PCAOB's efforts to update its risk assessment standards while aligning them with AS5 (risk-based audit approach), considering fraud and auditing disclosures, and eliminating divergences with the risk assessment standards of the IAASB. It is also very refreshing to know that throughout this standard-setting process, the basics and fundamentals of risk assessments, as we know them, have remained the same. This is an evolution, and not a revolution.

We respectfully submit our detailed comments below. We commend the Board for the transparency of its rule deliberation process and for considering the work of the IFAC IAASB in its new standard-setting process.

1. Are the objectives in the new proposed standards useful in providing context for the requirements in the standards?

Mazars believes that the objectives in the new proposed standards are useful and worthwhile because they provide additional context in understanding requirements of new standards. This is a standard-setting trend that was started by the IAASB (IFAC) and the ASB (AICPA) in their respective Clarity Projects.

2. Does the new proposed standard on audit risk describe clearly the concept of audit risk and its components?

Mazars considers that the new proposed standard on audit risk clearly describes the concept of audit risk and its components: (1) risk of material misstatement (inherent risk and control risk) and (2) detection risk.

3. Does the new proposed standard on audit risk describe clearly the relationship between detection risk and substantive procedures?

Mazars believes that overall the new proposed standard appropriately described the relationship between detection risk and substantive procedures. It indicates that detection risk could be reduced by performing substantive procedures, which is consistent with other PCAOB standards.

4. Are the proposed requirements for multi-location engagements appropriately aligned with Auditing Standard No. 5?

The proposed requirements for multi-locations are appropriately aligned with AS5. Most of the risks associated with multi-locations are adequately accounted for.

5. Is it clear how the proposed requirements for multi-location engagements would be applied in audits of financial statements only?

The proposed requirements for multi-location engagements are AS5 aligned and driven. Consequently, they would be applied in audits of financial statements only.

- 6. Are the differences between the responsibilities for supervision of engagement team members and oversight of specialists in accordance with AU sec. 336 appropriate in light of the auditor's responsibilities to opine with reasonable assurance on whether the financial statements are fairly presented, in all material respects, in conformity with the applicable financial reporting framework?**

Mazars considers that the differences between the responsibilities for supervision of engagement team members and oversight of specialists in accordance with AU sec. 336 are appropriate. Both responsibilities for supervision are distinct and separate. The supervision of engagement team members requires the auditor to ensure among other things that audit objectives are reached and that audit evidence is adequate and sufficient to support the opinion expressed. Whereas, the oversight of specialists requires the auditor to ensure that these specialists are independent and competent, and the scope, objectives, and results of their procedures agree with those of the auditor.

- 7. Are the provisions in the new proposed standard regarding consideration of materiality in multi-location engagements appropriate in light of the auditor's responsibility to plan and perform audit procedures to detect misstatements that, individually or in combination, would result in material misstatement of the financial statements?**

The provisions in the new proposed standard regarding consideration of materiality in multi-location engagements appear fairly appropriate. Auditors' attention is drawn to the fact that materiality at an individual location cannot exceed, and generally should be less than materiality for the financial statements as a whole. Nevertheless, as the IFAC-IAASB, the PCAOB should consider providing additional guidance or examples on how to apply these provisions.

- 8. Are the revised provisions regarding reassessment of materiality appropriate in light of the auditor's responsibility to plan and perform audit procedures to detect misstatements that, individually or in combination, would result in material misstatement of the financial statements?**

The revised provisions regarding reassessment of materiality appear appropriate, and this is consistent with the audit risk-based approach advocated by AS5.

The auditor is required to adapt his/her audit approach or audit strategy to changing circumstances or environments, including reassessing materiality level.

- 9. Does the new proposed standard adequately describe the auditor's responsibilities for performing risk assessment procedures that are sufficient to provide a reasonable basis for the identification and assessment of risks of material misstatement due to error or fraud and to design further audit procedures?**

Mazars believes that the new proposed standard adequately describe the auditor's responsibilities for performing risk assessment procedures.

10. Are the auditor's responsibilities regarding the additional procedures for understanding the company and its environment in paragraph 11 clear?

Mazars would support the auditor's responsibilities regarding the additional procedures for understanding the company and its environment as stated in paragraph 11, as they are clear. However, we recommend that this proposed standard also state the fact that these examples of additional procedures are not "all inclusive".

11. Are the proposed requirements regarding obtaining an understanding of internal control over financial reporting appropriate in light of the auditor's responsibilities for identifying and assessing the risks of material misstatement?

Mazars believes that the proposed requirements regarding obtaining an understanding of internal control over financial reporting are appropriate.

12. Are the proposed requirements regarding the discussion among engagement team members about risks of material misstatement appropriate given the auditor's responsibilities for identifying and assessing the risks of material misstatement?

The proposed requirements regarding the discussion among engagement team members about risks of material misstatement are also appropriate.

13. Are the proposed requirements for overall responses and responses involving the nature, timing, and extent of audit procedures appropriate given the auditor's responsibility to opine with reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework?

Mazars agrees that the proposed requirements for overall responses and responses involving the nature, timing, and extent of audit procedures, are appropriate.

14. Does the new proposed standard clearly describe when tests of controls are necessary in an audit of financial statements only?

The new proposed standard clearly describes when tests of controls are necessary in an audit of financial statements only. The auditor would continue to have the latitude of deciding when or whether to test controls and reduce substantive procedures.

15. Does the new proposed standard clearly describe the auditor's responsibilities for accumulating and evaluating misstatements?

Mazars believes that the new proposed standard clearly describes the auditor's responsibilities for accumulating and evaluating misstatements. The proposed audit procedures and considerations for accumulating and evaluating misstatements appear adequate.

16. Does the new proposed standard appropriately describe the auditor's responsibilities for evaluating the presentation of the financial statements, including evaluating bias, in light of the auditor's responsibility to opine with reasonable assurance on whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework?

The new proposed standard appropriately describes the auditor's responsibilities for evaluating the presentation of the financial statements, including evaluating bias. Auditors are appropriately directed to evaluate adequacy of the amounts and disclosures in the financial statements, including potential bias.

17. Does the new proposed standard describe clearly how the auditor should determine the financial statement assertions to use for both integrated audits and audits of financial statements only?

Mazars believes that the new proposed standard describes clearly how the auditor should determine the financial statement assertions to use for both integrated audits and audits of financial statements only. The financial statements assertions to be used for either audit of financial statements or audit of ICFR have the same and unchanged guiding principles.

18. Are there provisions in the to-be-superseded standards that should be retained?

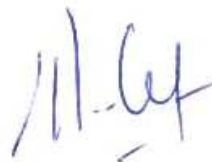
Mazars considers that the most meaningful provisions in the soon-to-be-superseded six interim auditing standards, notably AU sec. 311, Planning and Supervision, AU sec. 312, Audit Risk and Materiality in Conducting an Audit, AU sec. 313, Substantive Tests Prior to the Balance Sheet Date, AU sec. 319, Consideration of Internal Control in a Financial Statement Audit, AU sec. 326, Evidential Matter, and AU sec. 431, have already been retained and accounted for.

We hope that our comments above will be helpful and we remain available for further considerations. Please feel free to contact us again if you would like to discuss our submission further.

Yours sincerely,



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