

Ms Kathleen Healy – Technical Director
International Federation of Accountants
International Auditing and Assurance Standards Board
545 Fifth Avenue - 14th Floor
New York NY 10017 USA

October 20, 2015

Dear Ms Healy,

IAASB Invitation to Comment on IAASB Exposure Draft Proposed Amendments to the IAASB's International Standards – Responding to Non-Compliance with Laws and Regulations (NOCLAR)

Mazars welcomes the opportunity to provide our comments on the IAASB's Invitation to Comment on IAASB Exposure Draft "Proposed Amendments to the IAASB's International Standards – Responding to Non-Compliance with Laws and Regulations".

Background to Mazars

Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. We have over 15,000 professional staff operating in 73 countries worldwide to assist major international groups, SMEs and public bodies at each stage of their development.

Mazars is a member of the Forum of Firms and is represented at the Transnational Auditors Committee, and on this basis undertakes to have policies and methodologies that conform to the IFAC standards.

Our letter contains our responses to both the general and specific matters included in the Exposure Draft.

Summary

We understand that the amendments proposed by the IAASB are intended to clarify actual or perceived inconsistencies of approach between the International Ethics Standards Board for Accountants' (IESBA) NOCLAR proposals and the current standards, and welcome such clarification.

While we fully understand and appreciate the process, we are concerned by the fact that eight standards will be modified on very few elements: ISQC1, ISA 220, ISA 240, ISA 250, ISA 260, ISA 450, ISRE 2400, and ISAE 3402. The range of these changes may create difficulties and also be a cost for many countries and jurisdictions to be able to transpose and translate on a timely basis. We would recommend to keep at a maximum the principle of the stable platform and to open existing ISAs only when there are key changes on the requirements or the application material.

Over the last three years, key efforts that have been put by the IAASB on the significant revisions brought to the New Auditor's report so such efforts need to be considered as a priority by all countries and jurisdictions, compared to the other modifications, even if deemed as necessary but not as important as the New Auditor's report. The more changes are made to the standards, the potentially reduced efforts and resources available which could impact the quality of the implementation of the priority evolutions.

The process is made particularly challenging as the consultation to the changes of the IESBA Code of Ethics has been completed in September 2015 and there may be additional amendments in the final version. While there is already a strong coordination between the different boards, it would be helpful if they could more closely coordinate the issue of papers when there is a need to modify two documents / standards regarding the same topic.

Our comments relate solely to the elements of the proposed pronouncement concerning professional accountants in public practice.

Request for specific comments:

1. Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB's International Standards.

Overall, we consider it challenging to establish an international requirement on aspects that might be often already dealt with inside individual countries and jurisdictions. However, as certain countries may have no national requirements to do such reporting on NOCLAR, the amendments are helpful.

In addition we would like to make the following comments:

- We think that the new paragraph 8 (a) which stands before the requirements paragraphs may create some ambiguity on whether it implicitly creates additional audit procedures for the auditor as to specific reporting.
- While the existing examples in the paragraph A5a in relation to the 2 categories of the paragraph 6 will assist, they are somewhat broad and it may be helpful to have additional examples in front of each category described in § 6.
- While it is helpful to have changed the word "responsibilities" to "legal or ethical duty or right", it may be appropriate to consider whether these new concepts should be defined more precisely, in order to assist countries which have nothing similar in their national law and regulation.

2. The impact, if any, of the proposed limited amendments in jurisdictions that have not adopted, or do not plan to adopt, the IESBA Code. For example, would any of the changes to the IAASB's International Standards be deemed incompatible with the relevant ethical requirements that would apply in those jurisdictions?

We are unclear as to how the compliance with the ISA will be achieved for those countries that have not yet adopted the IFAC Code of Ethics.

Comments on other general matters:

- (a) **Translations** - Recognizing that many respondents may intend to translate the final amendments to its International Standards for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed amendments to its International Standards.

The more there are revisions, the more the transposition, the translation, the training and update of auditors may represent a significant investment for the different countries and jurisdictions.

- (b) **Effective Date** - It is anticipated that the effective date of the amendments to the IAASB's International Standards would be aligned with the effective date of the NOCLAR standards, which the IESBA will determine in due course.

As noted above, we consider that the changes to the standards in respect of auditor's reporting should be given priority and hence these additional changes should be at least after 2016.

If you would like to discuss our response with us, please do not hesitate to contact us.

Yours sincerely,



Jean-Luc Barlet
MAZARS Chief Compliance Officer