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YELLOW BOOK EXPOSURE DRAFT COMMENTS AND QUESTIONS

My company is a large developer of professional development programs. We are a NASBA Registry provider that develops and delivers hundreds of courses annually which are used by thousands of professionals to support continuing professional education in numerous firms and organizations. Below are my comments (and questions) related to the new Exposure Draft. Because we are a large provider of CPE, my questions and comments are primarily related to Chapter 4 (“Competence and Continuing Professional Education”). I realize that my questions on CPE may be coming to you early, but we would like to be in a position to support professionals working in GAGAS engagements.

1. Regarding the new 4-hour GAGAS Qualification course REQUIREMENT:

- a. The Exposure Draft states that the 4-hour GAGAS course will be required for new Yellowbook professionals and whenever GAGAS issues a new exposure draft. The way this requirement is written leaves ambiguity as to which CPE period these 4 hours will be required. Our recommendation is that the 4-hour requirement should be required as an element of every 80-hour CPE period for all GAGAS professionals. As stated in the Exposure Draft, the 4-hour GAGAS Qualification course is required even if the CPE period is pro-rated. For example, if there is only one 6-month period, the new GAGAS professional is required to earn 20 hours with 4 of the 20 hours being the GAGAS Qualification course.

Our suggestion is that for the regular GAGAS professionals, the 4-hour GAGAS Qualification course would be a recurring requirement of every renewal period (as a component of license maintenance). Paragraph 4.23(a) requires “standards for ethics, independence, professional judgment ...”; therefore the 4-hour GAGAS Qualification course has an ethics component. Having it as a recurring 4-hour requirement (in the way other state regulators require ethics every renewal period) is supported.

2. Regarding the new 4-hour GAGAs Qualification course CONTENT:

- a. *Must the 4-hour GAGAS Qualification course cover ALL the subjects mentioned in paragraph 4.23 (a – i)?*
- b. *Will there be more documentation on specific content course requirements or will CPE program developers use their best judgment to ensure that 4.23 (a – i) topics are covered?*
- c. *Must the GAGAS course be 4 hours, or can it be: less than 4 hours and focus on only a subset of 4.23 (a – i); or, more than 4 hours and have more details about 4.23 (a – i)?*

3. Regarding paragraph 4.47(e) MONITORING AUDITOR COMPLIANCE: “The audit organization’s policies and procedures may address the following: (e) monitoring auditor compliance with the CPE requirements to ensure that auditors complete sufficient CPE in qualifying programs and subjects.”

- a. As noted above, we are a large provider of CPE supporting GAGAS professionals and firms. To assist our learners, we “categorize” our courses in advance so that professionals will know how the programs they take will be considered toward their Yellow Book CPE requirements. For example, when we create a course on Internal Control Standards in the Federal Government, we categorize it as “Government Auditing” and if a GAGAS professional takes the course, they can count it toward their 24-hour requirement. My question here is related to the 56-hour requirement (or “professional proficiency”).

Would it be acceptable that we categorize our courses (i.e., those courses that do not meet the 4-hour or 24-hour requirements) as “professional proficiency” thereby allowing GAGAS professionals to know in advance that such courses could count toward the 56-hour requirement? Obviously, all of the courses which we categorize as meeting the 56-hour requirement would be fully NASBA compliant and also be categorized in one of the recognized NASBA subject areas.

- b. Our concern about this approach is that it appears from the language in 4.47(e) is that the audit organization must categorize which courses/programs are acceptable or not acceptable to their individual auditors. Several of the firms that we work with have asked our company to categorize our courses in advance toward the 56-hour requirement and to date, we have been telling them that it is the audit firm’s responsibility and/or the specific auditor to determine what is applicable or not applicable (based on the GAGAS wording). *We would like to accommodate the firms that we work with by categorizing our courses and programs toward the 4-hour requirement, the 24-hour requirement, and the 56-hour requirement in advance. Would this be acceptable?*

Thank you for your time to consider my comments and questions.

I look forward to hearing any responses you may have.

Best regards,
Dan

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