

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Subject: Louisiana Legislative Auditor comments on 2017 Yellow Book Exposure Draft
Date: Wednesday, June 28, 2017 7:52:04 AM
Attachments: [louisiana legislative auditor comments.docx](#)

If there are any questions, please let me know.

(See attached file: louisiana legislative auditor comments.docx)

Suzanne H. Elliott, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, La 70804-9397
[REDACTED]



Below are the responses from the Louisiana Legislative Auditor on the Yellow Book exposure draft.

Discussion Item #1 – Please comment on how the revised format of GAGAS affects the organization and readability of the standards.

The revised format allows for easy navigation of the requirements.

Discussion Item #2 – Please comment on whether the revisions related to nonaudit services sufficiently and clearly explain what is required and prohibited under GAGAS.

Paragraph 3.89 states that auditors should conclude that any services related to preparing account records and financial statements, other than those impairing independence outlined in paragraph 3.88, create significant threats to independence; and the auditor should document the threats and safeguards applied to reduce to an acceptable level or otherwise decline to perform those services. Further explanation and clarification may be needed to determine what types of safeguards would be acceptable to mitigate a significant threat created under these circumstances.

Discussion Item #3 – Do the roles and descriptions included in Chapter 4 clarify the competence required of auditors conducting engagements in accordance with GAGAS? Is the level of proficiency expected for each of these roles clear?

Roles and expected proficiency are clear.

Discussion Item #4 – Please comment on any additional topics that could be included in the 4-hour GAGAS CPE requirement or other requirements that would enhance auditor proficiency in GAGAS.

No additional topics to suggest.

Discussion Item #5 – Is there any additional guidance that should be included in the GAGAS revision to enable auditors and audit organizations to effectively implement the CPE requirements given the planned retirement of the CPE guidance document?

No further guidance needed.

Discussion Item #6 – Are the changes to the quality control and external peer review sections appropriate and reasonable?

Paragraph 5.22 states the audit organization should: a) communicate the identity and role of the engagement partner or director to management and b) clearly define the responsibilities of the engagement partner or director and communicate them to that individual. This section needs more clarity in defining the engagement partner and director. In a state audit organization, why would you need to define the role of the

director? Also, why would a director need to be informed of his/her responsibilities? While all those in the audit organization that may participate in an audit can easily be identified through correspondence with the auditee at the beginning of the engagement (entrance conference), the need to detail and define the role of a director needs clarification. Our office policy is that the audit manager has ultimate responsibility for the audit, yet this requirement does not apply to that position. In some cases, the role of a director may be reviewing the audit report, but that is only one of several levels of review.

Discussion Item #7 – Are the peer review requirements for each category of audit organization clear?

Peer review requirements appear to be clear.

Discussion Item #8 – Please comment on the expanded requirements and application guidance provided in Chapter 7 for reviews of financial statements conducted in accordance with GAGAS.

No comments/questions.

Discussion Item #9 – Do the changes to performance audit fieldwork standards clearly describe ways auditors assess internal control on performance audits?

No comments/questions.