



July 5, 2017

U.S. Government Accountability Office  
441 G St. N.W.  
Washington, DC 20548

Submitted via email to [YellowBookComments@gao.gov](mailto:YellowBookComments@gao.gov)

Re: Response to U.S. Government Accountability Office, *Government Auditing Standards, 2017 Exposure Draft (GAO-17-313SP)*

To: Mr. Gene L. Dodaro, Comptroller General of the United States

Please accept the following response from our appointed Accounting Standards Review Committee as official comment from the Oregon Governmental Finance Officers Association (OGFOA).

We are responding to the U.S. Government Accountability Office (GAO) request for written comments to Exposure Draft GAO-17-313SP Government Auditing Standards 2017 Exposure Draft.

Questions can be directed to the following members of OGFOA's Accounting Standards Review Committee:

1. Ron Vaught, CPA, CGMA, City of Portland – [REDACTED]
2. Tonya Moffitt, CPA, Partner, Merina & Co., [REDACTED]
3. Kathleen Leader, OGFOA Board Member, Clean Water Services - [REDACTED]

### Comments

Question 1. Generally accepted government auditing standards (GAGAS) is presented in a revised format. This is intended to allow auditors to quickly identify requirements and application guidance related to those requirements. In addition, certain topics are regrouped within the chapters.

Please comment on how the revised format of GAGAS affects the organization and readability of the standards.

Response 1. The revised format of GAGAS is organized in a clear and concise manner. The readability of the standards is understandable and logical.

Question 2. In chapter 3 (“Ethics, Independence, and Professional Judgment”), additional requirements and guidance are provided concerning the provision of nonaudit services to audited entities, including further explanation of the responsibility to ensure that management of the audited entity possesses the appropriate skills, knowledge, and experience to oversee the nonaudit service and expanding discussion of nonaudit services that should be considered threats or impairments to an external auditor’s independence. (various paras. 3.67 through 3.101)

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

Response 2. Yes, the revisions related to nonaudit services sufficiently and clearly explain what is required and prohibited under GAGAS. Paragraph 3.67 through 3.69 are especially helpful.

Question 3. In chapter 4 (“Competence and Continuing Professional Education”), GAGAS discusses the levels of proficiency required for the roles on an engagement as well as a description of the tasks generally expected to be performed by auditors in these roles. (paras. 4.09 through 4.10)

Do these roles and descriptions clarify the competence required of auditors conducting engagements in accordance with GAGAS? Is the level of proficiency expected for each of these roles clear?

Response 3. Yes, the roles and descriptions clarify the competence required of auditors conducting engagement in accordance with GAGAS. In addition, the level of proficiency expected for each of these roles are clear.

Question 4. Chapter 4 (“Competence and Continuing Professional Education”) includes a requirement for auditors to complete at least 4 hours of continuing professional education (CPE) in GAGAS topics (“GAGAS Qualification”). This 4-hour requirement is a subset of the 24-hour CPE requirement and needs to be completed each time a GAGAS revision is issued. Application guidance provides examples of the types of topics that would qualify as GAGAS topics. (paras. 4.15 and 4.23)

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.

Response 4. The 4 hour GAGAS CPE requirement in paragraph 4.15 should enhance auditor proficiency.

Paragraph 4.17 would require 4 hours every time there is a revision of GAGAS. Please consider adding the 4-hour GAGAS requirement to every 24-hour period in every 2-years not just in a revision year. This requirement would improve auditor proficiency in GAGAS.

Question 5. The content from the GAGAS guidance document on CPE (GAO-05-568G) is largely incorporated into chapter 4. We plan to retire the guidance document when the new GAGAS is issued. (paras. 4.26 through 4.50)

Is there any additional application 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?

Response 5. No, there is no additional guidance that should be included in the GAGAS revision.

The GAO’s plans to retire the GAGAS guidance document on CPE and include it in chapter 4 will make the CPE requirements straightforward.

Question 6. In chapter 5 (“Quality Control and Peer Review”), the sections on quality control and external peer review are expanded to harmonize with other standards and promote consistency in practice across the range of GAGAS auditors.

Are the changes to the quality control and external peer review sections appropriate and reasonable?

Response 6. Yes, the changes to the quality control and external peer review sections are appropriate and reasonable.

Question 7. In chapter 5 (“Quality Control and Peer Review”), peer review requirements are categorized by requirements for (1) audit organizations affiliated with recognized organizations and (2) other audit organizations. (paras. 5.63 through 5.113)

Are the peer review requirements for each category of audit organization clear?

Response 7. Yes, the peer review requirements for each category of audit organization are clear.

Question 8. Chapter 7 (“Standards for Attestation Engagements and Reviews of Financial Statements”) is expanded to incorporate by reference Statement on Standards for Accounting and Review Services No. 21, section 90, *Review of Financial Statements*, and includes additional requirements and guidance for reviews of financial statements conducted in accordance with GAGAS. (paras. 7.68 through 7.80)

Please comment on the expanded requirements and application guidance.

Response 8. Yes, the expanded requirements and application guidance is appropriate and reasonable.

Question 9. In chapter 8 (“Fieldwork Standards for Performance Audits”), internal control considerations are expanded to reference the 2014 *Standards for Internal Control in the Federal Government and Internal Control – Integrated Framework*. (paras. 8.37 through 8.65)

Do these sections clearly describe ways auditors assess internal control on performance audits?

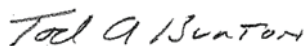
Response 9. Yes, paragraphs 8.37 through 8.65 clearly describe ways auditors assess internal control on performance audits.

### Overall

We find the modifications being made by this proposed standard to be positive changes and would like to voice our support for its adoption.

We appreciate the opportunity to provide input on this exposure draft.

Sincerely,



Tod A. Burton  
President, Oregon Government Finance Officers Association