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Subject: Comments on 2017 Exposure Draft for the Yellow Book
Date: Monday, June 26, 2017 1:34:14 PM

To The GAO Standards Team,

Norman Brown, Assistant Inspector General for Audits, asked me to send the Department of State Office of Inspector General's comments on the 2017 Exposure Draft for the Yellow Book for consideration. Below are our comments to the Enclosure II: Questions for Commenters. We have no comments with regard to discussion items 1, 2, 7, 8, and 9.

3. Chapter 4, Competence and Continuing Professional Education – for clarity, we suggest using titles other than partners and directors.
4. Chapter 4, Competence and Continuing Professional Education – additional topics that could be included in the 4-hour GAGAS CPE requirements are audit risk assessment and fraud risk assessment as addressed in GAGAS.
5. Chapter 4, Competence and Continuing Professional Education – additional guidance that could be included would be to determine equivalent CPE hours from other qualified training course hours, such as CEUs (continuing education units) and CLPs (continuous learning points).
6. Chapter 5, Quality Control and Peer Review, paragraph 5.09 requires that audit organizations at least annually obtain written affirmation of compliance with policies and procedures on independence from all audit organization personnel required to be independent. Clarification of “all audit organization personnel” is needed. Does this mean auditors, including anyone editing and reviewing the audit report?

Paragraph 5.22 requires audit organization to establish policies and procedures requiring the audit organization to communicate the identity and role of the engagement partner or director to management and those charged with governance of the audited entity. Please define engagement partner or director. What would be the equivalent position in the Federal audit community? Would this be required for each GAGAS performance audit?

We appreciate the opportunity to provide comments on the 2017 Exposure Draft for the Yellow Book.

Sincerely,
Stephanie Hwang