

**From:** [REDACTED]  
**To:** [Yellow Book Comments](#)  
**Cc:** [REDACTED]  
**Subject:** 2017 Exposure Draft  
**Date:** Thursday, July 06, 2017 10:08:26 AM

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Good morning,

The Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau has the following comments on the 2017 Yellow Book exposure draft:

#### **4 Hour GAGAS Requirement.**

The standards are not clear about when the 4-hour training is required or what is meant by the 2-year cycle.

##### Paragraph 4.15

A. Paragraph 4.15 requires that auditors who plan, direct, perform engagement procedures for, or report on an engagement conducted in accordance with GAGAS should complete the GAGAS Qualification requirements as part of developing and maintaining their professional competence. Further, auditors assigned to supervisory or partner and director roles should obtain GAGAS Qualification before completing work on their first GAGAS engagement.

Do these requirements apply to all auditors performing supervisory, partner, or director roles or only those who are newly promoted? That is, do the revised requirements apply (1) to the GAGAS engagements that were started after the revision to the standards, (2) to all engagements that were ongoing at time of revision, (3) to the first GAGAS engagement upon entering into one of these roles, or a combination of these three?

B. Paragraph 4.15 also requires entry-level staff to obtain GAGAS Qualification by the end of their first full 2-year CPE period.

What is meant by the “first full 2-year CPE period?” Does it refer to the current 2-year CPE period in which the staff member was hired (e.g., 2017–2018) or the next full 2-year CPE period (e.g., 2019–2020)?

##### Paragraph 4.17

C. Paragraph 4.17 requires auditors to update their GAGAS Qualification by completing at least 4 hours of CPE in GAGAS topics each time the Comptroller General issues a revision of GAGAS. These CPE hours should be completed by the end of each auditor’s next full 2-year CPE period after the GAGAS revision is issued. The audit organization should maintain documentation of each auditor’s CPE.

Does this requirement apply to all auditors (including new hires and those with supervisory, partner, and director roles)?

D. Paragraph 4.15 refers to the “first full 2-year CPE period” for completion of the 4-hour requirement, whereas paragraph 4.17 refers to the “end of each auditor’s next full 2-year CPE period after the GAGAS revision is issued.”

How do these two periods correlate?

As with paragraph 4.15, does “end of each auditor’s next full 2-year CPE period after the GAGAS revision is issued” in this paragraph refer to the current 2-year CPE period (e.g., 2017–2018) or the next full 2-year CPE period starting after the revision (e.g., 2019–2020)?

### Paragraph 4.28

Paragraph 4.28 states that auditors hired or initially assigned to GAGAS engagements after the beginning of the audit organization’s 2-year CPE period may prorate the 56-hour and the 24-hour CPE requirements, but not the 4-hour GAGAS Qualification requirement.

What is the timing of this requirement in relation to paragraphs 4.15 and 4.17? For example, if GAO decides, based on our questions to paragraphs 4.15 and 4.17, that the timing of the requirement for the 2-year CPE cycle would be the start of the next full 2 years (2017-2018), is it GAO’s intent that new hires or someone conducting his or her first GAGAS assignment would wait until the start of the next full 2-year CPE cycle to meet the 4-hour requirement (2019-2020)? If so, this paragraph should be revised to reflect that intent.

### **Other Comments**

- What is the difference between paragraphs 5.75 through 5.79 and 5.109 through 5.113? Why is this information repeated verbatim?
- Paragraph 5.09 states that at least annually, the audit organization should obtain written affirmation of compliance with its policies and procedures on independence from all audit organization personnel required to be independent. Our organization has every auditor up through the Associate Inspector General sign an independence statement for each project to which they are assigned. A staff member on detail from another audit organization explained that in that organization, some individuals sign annual independence statements and some sign project-specific independence statements, depending on their role in the audit organization. Does this requirement mean that every auditor is required to sign an annual independence statement? Given that the wording of this requirement is “should” and not “must,” would signing project-specific independence statements meet the intent of the standard?

- Should paragraph 8.81 include requesting a copy of the most recent peer review (see paragraph 5.78)?

I am available to answer any questions you may have about these comments.

**Vera J. Garrant, CPA**

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