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Mr. James Dalkin
Director, Financial Management and Assurance
U.S. Government Accountability Office
Washington, DC

Dear Mr. Dalkin:

On behalf of the professionals serving clients subject to *Government Auditing Standards* (the Yellow Book) at CliftonLarsonAllen LLP, we appreciate the opportunity to comment on *Government Auditing Standards*, 2017 Exposure Draft.

Our comments are summarized based on ***Enclosure II: Questions for Commenters***, included in the Exposure Draft, and are provided as follows:

Question #1: *Please comment on how the revised format of GAGAS affects the organization and readability of the standards.*

Response: In our opinion, the proposed revised format is presented in a manner that lends itself to ease of use and application of the guidance.

Question #2: *Please comment on whether the revisions related to nonaudit services sufficiently and clearly explain what is required and prohibited under GAGAS.*

Response:

- There are a few references throughout this chapter (paragraphs 3.49c, 3.51a, etc.) that refer to “recently”. Consideration should be made on defining this term which would lend itself to better consistency in application.
- Paragraph 3.89 states that any services related to preparing financial statements based on information in the trial balance “creates a significant threat” to an auditor’s independence. Because this is labeled as a “significant threat” the auditor must then apply safeguards as discussed at paragraph 3.77. Will it be expected that an audit firm apply more than one of the safeguards noted in paragraph 3.77a-d? One of the most commonly used safeguards today is a second review of the financial statements by someone not on the audit team. While it could be inferred that this is included in 3.77b, it is not directly included. In our opinion, since this has now been labeled as a “significant threat”, it would be beneficial to provide guidance on the expectation of the

extent of safeguards needed to be applied in order to be independent. Given the explicit reference to “significant” it leads one to believe that what was done before was not sufficient therefore implementation guidance in this area would be helpful to ensure the expectation is met.

Question #3: *Do the 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: In our opinion, the information is clear when read in conjunction with the definition of key terms in paragraph 4.11

Question #4: *Please comment on additional topics that could be included in the 4-hour GAGAS CPE requirement or other requirements that would enhance auditor proficiency in GAGAS.*

Response: We do not have any additional topics to include, the list is broad enough to allow for a variety of topics to be completed to comply. However, in our opinion clarification should be made to paragraph 4.17 relative to the statement “each time the Comptroller General issues a revision of GAGAS”. Historically, these revisions while infrequent have been major overhauls so if that continues to hold true the requirement is reasonable. Should the revisions occur on a more frequent basis and the revisions are not extensive, meeting the 4 hour requirement using new and relevant content may become redundant and burdensome.

Question #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?*

Response: Having this included in one document is reasonable. We do not feel additional guidance is needed.

Question #6: *Are the changes to the quality control and external peer review sections appropriate and reasonable?*

Response: Yes, in our opinion they are appropriate, reasonable and more closely align with the AICPA peer review standards.

Question #7: *Are the peer review requirements for each category of audit organization clear?*

Response: There are various references throughout this chapter referring to the peer review addressing all “professional standards and applicable legal and regulatory requirements”. If the goal was to closer align with the AICPA peer review standards we suggest consideration be made of removing this reference or better clarifying it since the current peer review process does not have this as an objective.

Question #8: *Please comment on the expanded requirements and application guidance.*

Response: We do not feel additional guidance is needed.

Question #9: *Do these sections clearly describe ways auditors assess internal control on performance audits?*

Response: Yes, we believe they are clearly described.

CliftonLarsonAllen, LLP appreciates the opportunity to review and offer our comments on this Exposure Draft. We would be pleased to discuss any questions that you or your staff may have regarding our comments.

Respectfully submitted by



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