

GAO Issues an Exposure Draft with Proposed Changes to Government Auditing Standards

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The concept of accountability for use of public resources and government authority is key to our nation's governing processes. Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, ethically, and equitably within the context of the statutory boundaries of the specific government program. Government auditing is essential in providing accountability to legislators, oversight bodies, those charged with governance, and the public. Laws, regulations, contracts, grant agreements, and policies frequently require that audit engagements be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), also known as the "Yellow Book." In addition, many auditors and audit organizations voluntarily choose to conduct their work in accordance with GAGAS.

GAGAS engagements provide an independent, objective, nonpartisan assessment of the stewardship, performance, or cost of government policies, programs, or operations, depending upon the type and scope of the engagement. The professional standards and guidance contained in GAGAS provide a framework for conducting high-quality engagements with competence, integrity, objectivity, and independence. Specifically, GAGAS contains requirements and guidance dealing with ethics, independence, auditors' professional judgment and competence, quality control, peer review, performance of the engagement, and reporting.

When auditors conduct their work in this manner and comply with GAGAS in reporting the results, their work can lead to improved government management, better decision making and oversight, effective and efficient operations, and accountability and transparency for resources and results.

The U.S. Government Accountability Office (GAO), on April 5, 2017, issued an exposure draft containing proposed updates to GAGAS. Some of the key proposed changes include:

- a new format that differentiates requirements from application guidance
- updated internal control requirements and guidance
- revised continuing professional education requirements to ensure greater auditor proficiency in GAGAS
- revised peer review requirements for audit organizations that also comply with peer review requirements of affiliated organizations



- new requirements for reporting waste that is detected during an audit

To ensure that the new standards meet the needs of government auditors, the Comptroller General has established an advisory council consisting of representatives from federal, state, and local governments, as well as the private sector and academia, to review GAO's proposed modifications and consider other changes. The 2017 exposure draft includes the advisory council's input.

The exposure draft is available on GAO's website at [U.S. GAO - The Yellow Book](https://www.gao.gov/the-yellow-book). The draft will be available for public comment through July 6, 2017. Interested parties may send their feedback to <mailto:yellowbookcomments@gao.gov>. GAO will consider those comments in finalizing its Yellow Book revisions. All comments will be considered a matter of public record and will eventually be posted on GAO's website.

Author Bio

Kristen A. Kociolek is an assistant director on the Government Accountability Office's (GAO) Financial Management and Assurance Team. Ms. Kociolek is a member of GAO's audit standards team responsible for developing, drafting, and maintaining Government Auditing Standards (The Yellow Book) and Standards for Internal Control in the Federal Government (the Green Book). Ms. Kociolek also leads GAO's financial statement audit of the U.S. Securities and Exchange Commission. Prior to joining GAO, Ms. Kociolek worked as an audit manager with Ernst & Young in Harrisburg, PA, where her work focused on financial audits of state and local governments. Ms. Kociolek graduated from Elizabethtown College in Elizabethtown, PA with a Bachelor of Science degree in Accounting. She is a Certified Public Accountant and a Certified Government Financial Manager. She is a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants.

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