



Advancing  
Government  
Accountability

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November 30, 2004

Ms. Jeanette M. Franzel, Director  
Financial Management and Assurance  
U. S. Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Ms. Franzel:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments on the October 2004 Draft Government Auditing Standards *Guidance on GAGAS<sup>1</sup> Requirements for Continuing Professional Education* which will update GAO's April 1991 *Interpretation of Continuing Education and Training Requirements* to conform to the 2003 Yellow Book.

The FMSB is composed of members with accounting and auditing backgrounds in federal, state, and local government, academia, and public accounting, and reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are encouraged to comment separately. The FMSB has reviewed the draft and agrees with the majority of the proposed changes. It does have one editorial comment and several other comments and recommendations.

1. Editorial comment (Par. 28, page 24) – there is an editorial error in the following, “*If taxation topics relate to an objective of an audit conducted under GAGAS, training in those related tax topics could qualify as CPE under GAGAS. For example, auditors who audit tax revenues of a governmental entity (including revenues from income, sales, property. And other types of taxes) may be able to claim GAGAS CPE hours for related courses in taxation.*” There should be no period after “property” and the following word should start with a lower case “a.”
2. Taxation topics (Par. 28, page 24) – The phrase “may be able to claim” implies that even if the taxation course topic is related to an objective of an audit conducted under GAGAS, there is a chance the course still won't qualify for GAGAS CPE hours. If this is the case, then there should be more explanation. If this is not the case, the statement should be changed to explicitly state that under these circumstances, auditors “will be able to claim GAGAS CPE hours.”
3. Relationship Between GAGAS and other CPE Requirements (Par. 45, page 32) – We recommend that the paragraph be rewritten to be more specific. It should specify the particular subjects and topics that qualify as CPE and are acceptable under GAGAS for licensed professionals. As it is written it is too vague and allows for too much subjectivity.

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<sup>1</sup> Generally Accepted Government Auditing Standards, also known as *Government Auditing Standards* or the Yellow Book.



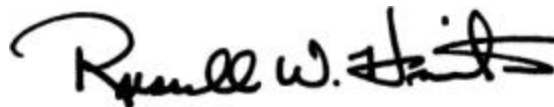
4. Individual Auditors' Responsibilities (Par. 46, page 33) – We notice that when reading paragraph 46, it is not clear how individual responsibility would be enforced for those holding certificates from the AICPA and/or the AGA and others. We recommend that the GAO address this in the guidance.

5. Monitoring Compliance (Par. 47, page 33) – We recommend that the document specify exactly who is going to enforce the requirements for obtaining CPEs, who is going to ensure that compliance with CPE requirements is evaluated during a peer review or an internal inspection, and who will be responsible for monitoring the compliance.

It is not clear from the draft guidance what enforceability process is planned, especially for auditors in public practice. It is also not clear whether the currently existing peer review process is to be used: whether a separate peer review process is to be set up, whether the GAO plans direct enforcement. Federal agency Inspectors General (IGs) conducting peer reviews would cover GAGAS, as would federal auditors conducting quality control reviews. The guidance should state that a peer review, designed to cover AICPA standards, should also cover GAGAS if applicable, and should explain how this is to be enforced.

The FMSB appreciates the opportunity to comment on the ED. This response letter represents a consensus of the views of the FMSB members. No members objected to its issuance. We would be pleased to discuss this letter with you at your convenience. You can contact me at [hintonrw@audits.state.ga.us](mailto:hintonrw@audits.state.ga.us) or (404) 656-2174 or Anna D. Gowans Miller, CPA, AGA's Technical Manager and facilitator for this project, at [amiller@agacgfm.org](mailto:amiller@agacgfm.org) or (703) 684-6931, ext. 203.

Sincerely,

A handwritten signature in black ink that reads "Russell W. Hinton". The signature is written in a cursive, slightly stylized font.

Russell W. Hinton, CGFM, Chair,  
AGA Financial Management Standards Board

cc. Bobby A. Derrick, CGFM  
AGA National President

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Financial Management Standards Board**

**July 2004 – June 2005**

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