

Government Auditing Standards

2021 Technical Update
to the 2018 Edition

Table of Contents

A Message from the Comptroller General of the United States	1
Chapter 1 – Foundation and Principles for the Use and Application of Government	
Auditing Standards.....	3
Learning Objectives	3
Introduction.....	3
Types of GAGAS Users	5
Types of GAGAS Engagements.....	5
Financial Audits	5
Attestation Engagements and Reviews of Financial Statements.....	6
Performance Audits	7
Terms Used in GAGAS.....	9
The GAGAS Format.....	10
Review Questions.....	11
Review Answers	12
Chapter 2 – General Requirements for Complying with Government Auditing Standards.....	15
Learning Objectives	15
Introduction.....	15
Complying with GAGAS.....	15
Relationship between GAGAS and Other Professional Standards	16
Stating Compliance with GAGAS in the Audit Report.....	17
Review Questions.....	19
Review Answers	20
Chapter 3 – Ethics, Independence, and Professional Judgment.....	21
Learning Objectives	21
Introduction.....	21
Ethical Principles	21
The Public Interest.....	22
Integrity	22
Objectivity.....	22
Proper Use of Government Information, Resources, and Positions.....	22
Professional Behavior	23
Independence.....	23
GAGAS Conceptual Framework Approach to Independence	24
Provision of Nonaudit Services to Audited Entities.....	31
Consideration of Specific Nonaudit Services	34
Documentation	37
Professional Judgment	38
Review Questions.....	41
Review Answers	44
Chapter 4 – Competence and Continuing Professional Education.....	49
Learning Objectives	49
Introduction.....	49
Competence	49
Continuing Professional Education.....	51
Review Questions.....	59
Review Answers	60
Chapter 5 – Quality Control and Peer Review	61
Learning Objectives	61
Introduction.....	61

Table of Contents

Quality Control and Assurance.....	61
System of Quality Control	61
Leadership Responsibilities for Quality within the Audit Organization.....	61
Independence, Legal, and Ethical Requirements.....	62
Initiation, Acceptance, and Continuance of Engagements	62
Human Resources	63
Engagement Performance	64
Monitoring of Quality	66
External Peer Review	69
Additional Requirements for Audit Organizations Not Affiliated with Recognized Organizations	72
Review Questions.....	76
Review Answers	77
Chapter 6 – Standards for Financial Audits	79
Learning Objectives	79
Introduction.....	79
Additional GAGAS Requirements for Conducting Financial Audits.....	79
Compliance with Standards.....	79
Licensing and Certification	79
Auditor Communication.....	80
Results of Previous Engagements	80
Investigations or Legal Proceedings.....	81
Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements.....	81
Findings.....	81
Audit Documentation.....	83
Availability of Individuals and Documentation	83
Additional GAGAS Requirements for Reporting on Financial Audits	84
Reporting the Auditors’ Compliance with GAGAS.....	84
Reporting on Internal Control; Compliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements; and Instances of Fraud	84
Presenting Findings in the Audit Report	86
Reporting Findings Directly to Parties outside the Audited Entity	86
Obtaining and Reporting the Views of Responsible Officials.....	87
Reporting Confidential or Sensitive Information	87
Distributing Reports	88
Review Questions.....	89
Review Answers	90
Chapter 7 – Standards for Attestation Engagements and Reviews of Financial Statements	93
Learning Objectives	93
Introduction.....	93
Examination Engagements	94
Compliance with Standards.....	94
Licensing and Certification	94
Auditor Communication.....	94
Results of Previous Engagements	95
Investigations or Legal Proceedings.....	95
Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements.....	95
Findings.....	96
Examination Engagement Documentation.....	97
Availability of Individuals and Documentation	98
Reporting the Auditors’ Compliance with GAGAS.....	98
Reporting Deficiencies in Internal Control.....	99
Reporting on Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements or Instances of Fraud	99
Presenting Findings in the Report	100
Reporting Findings Directly to Parties outside the Audited Entity	100

Table of Contents

Obtaining and Reporting the Views of Responsible Officials.....	101
Reporting Confidential or Sensitive Information.....	101
Distributing Reports.....	102
Review Engagements.....	103
Compliance with Standards.....	103
Licensing and Certification.....	103
Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements.....	103
Reporting Auditors' Compliance with GAGAS.....	103
Distributing Reports.....	104
Agreed-Upon Procedures Engagements.....	104
Compliance with Standards.....	104
Licensing and Certification.....	104
Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements.....	104
Reporting Auditors' Compliance with GAGAS.....	104
Distributing Reports.....	105
Reviews of Financial Statements.....	105
Compliance with Standards.....	105
Licensing and Certification.....	106
Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements.....	106
Reporting Auditors' Compliance with GAGAS.....	106
Distributing Reports.....	107
Review Questions.....	108
Review Answers.....	109
Chapter 8 – Fieldwork Standards for Performance Audits.....	111
Learning Objectives.....	111
Introduction.....	111
Planning.....	111
Auditor Communication.....	113
Investigations or Legal Proceedings.....	114
Results of Previous Engagements.....	114
Assigning Auditors.....	114
Preparing a Written Audit Plan.....	115
Conducting the Engagement.....	115
Nature and Profile of the Program and User Needs.....	115
Determining Significance and Obtaining an Understanding of Internal Control.....	117
Assessing Internal Control.....	118
Internal Control Deficiencies Considerations.....	119
Information Systems Controls Considerations.....	120
Provisions of Laws, Regulations, Contracts, and Grant Agreements.....	121
Fraud.....	122
Identifying Sources of Evidence and the Amount and Type of Evidence Required.....	123
Using the Work of Others.....	123
Supervision.....	124
Evidence.....	124
Overall Assessment of Evidence.....	127
Findings.....	128
Audit Documentation.....	130
Availability of Individuals and Documentation.....	131
Review Questions.....	133
Review Answers.....	135
Chapter 9 – Reporting Standards for Performance Audits.....	139
Learning Objectives.....	139
Reporting Auditors' Compliance with GAGAS.....	139
Report Format.....	139
Report Content.....	140

Table of Contents

Reporting Findings, Conclusions, and Recommendations	142
Reporting on Internal Control	143
Reporting on Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements	144
Reporting on Instances of Fraud	144
Reporting Findings Directly to Parties outside the Audited Entity	145
Obtaining the Views of Responsible Officials.....	145
Report Distribution	146
Reporting Confidential or Sensitive Information	147
Discovery of Insufficient Evidence after Report Release.....	148
Review Questions.....	149
Review Answers	150
Glossary.....	151
Index	159