

April 2005

# GOVERNMENT AUDITING STANDARDS

Guidance on GAGAS  
Requirements for Continuing  
Professional Education



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# Foreword

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This document provides guidance to auditors and audit organizations in implementing the continuing professional education (CPE) requirements prescribed by the 2003 revision of *Government Auditing Standards*. The fundamental difference related to CPE in the 2003 *Government Auditing Standards* from the 1994 revision is that the 80 hours of CPE to be completed every 2 years should “directly enhance the auditor’s professional proficiency to perform audits and/or attestation engagements.” The 1994 revision called for training that “contributes to the auditor’s professional proficiency.” This guidance document also expands and modernizes the types of programs and the list of subjects and topics that could satisfy CPE requirements under *Government Auditing Standards*. This guidance document on CPE requirements replaces the April 1991 document, entitled *Interpretation of Continuing Education and Training Requirements*.

Concurrently with issuance of this document, we are issuing a technical amendment to paragraph 3.45 and related footnotes of the CPE requirements contained in the Competence standard of the 2003 revision of *Government Auditing Standards*. Specifically, as amended, auditors who are only involved in performing field work but not involved in planning, directing, or reporting on the audit or attestation engagement and who charge less than 20 percent annually of their time to audits and attestation engagements conducted under generally accepted government auditing standards (GAGAS) are required to take 24 hours of training in each 2-year period in subjects and topics directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates but do not have to comply with the remainder of the 80-hour CPE requirement.

This guidance document has gone through a deliberative process, including public comment and input from the Controller General’s Advisory Council on Government

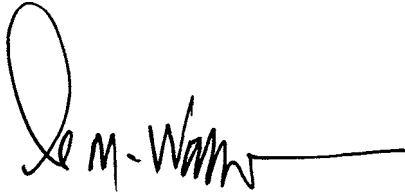
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**Foreword**

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Auditing Standards. The views of all parties were thoroughly considered in finalizing this document. I thank those who commented and suggested improvements to the guidance.

The technical amendment and this guidance document are effective for CPE measurement periods beginning on or after June 30, 2005. Early application is encouraged.

A handwritten signature in black ink, appearing to read "D. M. Walker", with a long horizontal line extending to the right.

David M. Walker  
Comptroller General  
of the United States

April 2005

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# Contents

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<b>Foreword</b>		<b>i</b>
<b>Introduction</b>		<b>3</b>
<b>Who Is Subject to CPE Requirements?</b>		<b>5</b>
	Exemptions and Exceptions	6
	Compliance Requirements If No Longer Conducting GAGAS Audits or Attestation Engagements	8
<b>How Should Compliance with CPE Requirements Be Measured?</b>		<b>9</b>
	Measurement of Compliance for Partial Periods	9
	Deficiency Make-up	10
<b>What Qualifies As Acceptable CPE?</b>		<b>11</b>
	Programs and Activities That Qualify	11
	Subjects and Topics That Qualify	12
	Taxation	20
	Programs and Activities or Subjects and Topics That Do Not Qualify	21
	Relationship between GAGAS and Other CPE Requirements	22
<b>Measuring CPE Hours</b>		<b>23</b>

---

<b>How Are CPE Requirements To Be Administered?</b>		25
	Policies and Procedures	25
	Maintaining Documentation	25
	Retaining Records	27
	Preparing Reports	27
	Monitoring an Audit Organization's Compliance	27

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# Introduction

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1. The 2003 revision of the *Government Auditing Standards*, often referred to as the “Yellow Book” or generally accepted government auditing standards (GAGAS), was issued by the Comptroller General of the United States in June 2003.<sup>1</sup> Auditors and audit organizations are to follow the standards when required by law, regulation, contract, agreement, or policy for audits of government entities, programs, activities, and functions, and of government assistance administered by contractors, nonprofit entities, and other nongovernmental entities. Any auditors holding themselves out as following GAGAS need to justify any departures from GAGAS.<sup>2</sup> The guidance contained in this document is effective for CPE measurement periods beginning on or after June 30, 2005. Early application is encouraged.

2. The GAGAS general standard related to Competence is: “The staff assigned to perform the audit or attestation engagement should collectively possess adequate professional competence for the task required.” The Competence standard places responsibility on audit organizations to ensure that each audit or attestation engagement is performed by a team that, taken as a whole, possesses the technical knowledge, skills, and experience necessary to be competent for the type of work being performed.<sup>3</sup> The success of an audit organization in carrying out its mission depends on having a competent, well-trained staff.

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<sup>1</sup> See the Government Accountability Office’s (GAO) *Government Auditing Standards* Web page (<http://www.gao.gov/govaud/ybk01.htm>).

<sup>2</sup> This guidance supersedes the *Interpretation of Continuing Education and Training Requirements* issued by GAO in 1991 and GAO’s March 2004 Internet notice titled “CPE Internet Notice: Par. 46 Amended.”

<sup>3</sup> See paragraphs 3.39-3.48 of the 2003 revision of *Government Auditing Standards* for the discussion of the general standard related to competence.

**3.** The Competence standard also establishes continuing professional education (CPE) requirements for auditors performing work under GAGAS on an audit or attestation engagement. In an environment of accelerating change and increasingly complex audit and attestation work, CPE is an integral part of the lifelong learning that is necessary for auditors to maintain their professional competence. The 2003 revision of *Government Auditing Standards* set the CPE requirements as follows:

Auditors performing work under GAGAS, including planning, directing, performing field work, or reporting on an audit or attestation engagement under GAGAS, need to maintain their professional competence through continuing professional education (CPE). Therefore, each auditor performing work under GAGAS should complete, every 2 years, at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits or attestation engagements. At least 24 of the 80 hours of CPE should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. At least 20 hours of the 80 should be completed in any 1 year of the 2-year period.

The 80- and 24-hour requirements are the minimum numbers of CPE hours that auditors should complete for each 2-year measurement period. Auditors may not carry over CPE hours earned in excess of the 80- and 24-hour requirements from one period to the next.

**4.** Complying with the CPE requirements and selecting suitable CPE require auditors to exercise professional judgment. This guidance is being issued to assist auditors and audit organizations in carrying out these responsibilities.

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# Who Is Subject to CPE Requirements?

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5. The CPE requirements apply to external auditors and internal auditors, both government and nongovernment (e.g., public accountants, both certified and noncertified), who perform audits or attestation engagements that are conducted in accordance with GAGAS. The CPE requirements set forth the minimum number of CPE hours that auditors should complete, whether they are employed full- or part-time by a government audit or internal audit organization, or a public accounting or professional services firm, or are self-employed.

6. GAGAS cover a broad array of engagements including financial audits, attestation engagements, and performance audits. Accordingly, the focus of GAGAS is not on the wide variety of titles that are used by individuals conducting and reporting on this work, but instead the nature of the work that is being performed. The term “auditor” throughout GAGAS and this document includes individuals who may be titled auditor, analyst, evaluator, inspector, or who may have a similar position.

7. Auditors assigned to planning, directing, performing field work, or reporting on GAGAS audits or attestation engagements should meet both the 80-hour and the 24-hour CPE requirements. The terms “planning,” “directing,” “performing field work,” and “reporting” are defined as follows:

a. **Planning:** Determining audit objectives, scope, and methodology; establishing criteria to evaluate matters subject to audit; or coordinating the work of other audit organizations. This definition excludes individuals whose role is limited solely to gathering information used in planning the audit.

b. **Directing:** Supervising the efforts of others who are involved in accomplishing the objectives of the audit or



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**Who Is Subject to CPE Requirements?**

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reviewing audit work to determine whether those objectives have been accomplished.

**c. Performing Field Work:** Conducting audit tests and procedures necessary to accomplish the audit objectives in accordance with GAGAS.

**d. Reporting:** Determining the report contents and substance or reviewing reports to determine whether the audit objectives have been accomplished and the evidence supports the report's technical content and substance prior to issuance. This includes those who review engagement quality prior to issuing the report and those signing the report.

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**Exemptions and Exceptions**

**8.** The following individuals, who should be qualified to perform their assigned tasks and should maintain their professional competence in their areas of responsibility or specialization, are not subject to the GAGAS CPE requirements:

**a.** Auditors who are only involved in performing field work but not involved in planning, directing, or reporting on the audit or attestation engagement, and who charge less than 20 percent of their time annually to audits and attestations conducted in accordance with GAGAS<sup>4</sup> should comply with the 24-hour CPE requirement to take training in each 2-year period in subjects and topics directly related to government auditing, the government environment, or the specific or

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<sup>4</sup> The 20 percent may be based on historical or estimated charges in a year, provided that the audit organization has a basis for this determination and monitors actual time. For auditors who change status such that they are charging more than 20 percent of their time annually to audits and attestations under GAGAS, the audit organization should follow the guidance for prorating required CPE hours when auditors are assigned to GAGAS audits or attestation engagements after the beginning of a 2-year CPE measurement period, as discussed in paragraph 11.

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**Who Is Subject to CPE Requirements?**

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unique environment in which the audited entity operates but are exempt from the remainder of the 80-hour CPE requirement. Auditors who meet these criteria should follow the CPE requirements and guidance of their audit organization and the requirements of any relevant professional organization or licensing body.

**b.** External consultants and internal specialists such as actuaries, appraisers, attorneys, engineers, geologists, information technology specialists, medical doctors, and statisticians, or others who are assigned to the audit in the role of a specialist or other similar position whose work is of a consultative nature to the audit.

**c.** Staff performing support services within the audit organization, such as individuals who are assigned to staff positions in budgeting, personnel, training, and administrative functions and who do not conduct audit and attestation activities.

**d.** Employees who assist in the audit or attestation engagement by performing support services, such as performing background research, data entry, writing/editing assistance, proofreading, or report production and distribution.

**e.** College and university students employed on a temporary basis for a limited period of time (for example, an internship of limited duration) or enrolled in a formal program sponsored by the college or university for a specific period of employment, such as a term or semester.

**9.** The audit organization, at its discretion, may grant exceptions from a portion of the CPE requirements in the event of extended absences or other extenuating circumstances if situations such as the following prevent an auditor from fulfilling those requirements:

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**Who Is Subject to CPE Requirements?**

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- a.** ill health,
- b.** maternity or paternity leave,
- c.** extended family leave,
- d.** sabbaticals,
- e.** leave without pay absences,
- f.** foreign residency,
- g.** military service, or
- h.** disasters.

The audit organization should document the reasons for specific exceptions granted and retain that documentation for an appropriate period of time. (See paragraph 37.) The audit organization should not grant exceptions for reasons such as workload, budget, or travel constraints.

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**Compliance Requirements If No Longer Conducting GAGAS Audits or Attestation Engagements**

**10.** If an audit organization discontinues conducting GAGAS audits or attestation engagements or reassigns auditors to non-GAGAS assignments before auditors complete the CPE requirements, the auditors are not required to complete the number of hours to satisfy the CPE requirements. However, the audit organization may wish to have its auditors complete those requirements if it is reasonably possible that the auditors will perform GAGAS audits or attestation engagements in the future.

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# How Should Compliance with CPE Requirements Be Measured?

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**11.** The GAGAS CPE requirements must be satisfied every 2 years. To simplify administration of the CPE requirements, an audit organization may establish a standard 2-year period for all its auditors, which can be on either a fixed-year or rolling-year basis.<sup>5</sup>

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## Measurement of Compliance for Partial Periods

**12.** Auditors hired or assigned to a GAGAS audit or attestation engagement after the beginning of an audit organization's 2-year CPE period should complete a prorated number of CPE hours.<sup>6</sup> An audit organization should define a prorated number of hours based on the number of full 6-month intervals remaining in the CPE period. For example, an audit organization has a 2-year CPE period running from January 1, 2005, through December 31, 2006. The audit organization assigns a new staff member to a GAGAS audit in May 2005. Audit organizations should calculate the prorated CPE requirement for the staff member as follows:

- 1.** Number of full 6-month intervals remaining in the CPE period: 3
- 2.** Number of 6-month intervals in the full 2-year period: 4
- 3.** Newly assigned auditor's CPE requirement:  $\frac{3}{4} \times 80$  hours = 60 hours.

For newly assigned auditors who are subject to the 24-hour requirement, the number of hours is calculated in a

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<sup>5</sup> A fixed-year measurement period, for example, would be the 2-year periods 2005-2006, 2007-2008, etc. while a rolling-year measurement period would be 2005-2006, 2006-2007, 2007-2008, etc.

<sup>6</sup> When auditors are newly hired or newly assigned to GAGAS audits or attestation engagements and the auditor has had some previous CPE, the audit organization has flexibility and may choose between using a pro rata approach or evaluating whether and to what extent any CPE already taken in that period would satisfy GAGAS CPE requirements.

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**How Should Compliance with CPE Requirements Be Measured?**

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similar manner:  $\frac{3}{4} \times 24 \text{ hours} = 18 \text{ hours}$ . The prorated amount of hours would be the total requirement over the partial period. The 20-hour minimum for each CPE year would not apply when a prorated number of hours is being used to cover a partial 2-year CPE period.

**13.** An audit organization may use a measurement date other than the date it started its first GAGAS audit or attestation engagement, or the audit organization may choose to change its measurement date to coincide with a fiscal year or another reporting requirement, such as one established by a state licensing body or professional organization. For example, if an audit organization changes the end date of the measurement period from December 31 to June 30, during the audit organization's transition period (January 1 to June 30), its auditors should complete at least a prorated number of CPE hours for the 6-month transition period. The number of prorated hours required should be calculated using the method illustrated in the previous paragraph.

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**Deficiency Make-up**

**14.** At their discretion, audit organizations may give auditors who have not completed the required number of CPE hours for any 2-year period up to 2 months immediately following the 2-year period to make up the deficiency. Any CPE hours completed toward a deficiency in one period should be documented in the CPE records and may not be counted toward the requirements for the next 2-year period. Audit organizations that grant the 2-month grace period should not allow auditors who have not satisfied the CPE requirements after the grace period to participate in GAGAS audits or attestation engagements until those requirements are satisfied.

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# What Qualifies As Acceptable CPE?

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**15.** CPE programs are structured educational activities with learning objectives designed to maintain or enhance participants' knowledge and skills in areas applicable to performing audits or attestation engagements, including subjects directly applicable to government auditing, the government environment, or the specific or unique environment in which the entity operates.

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## Programs and Activities That Qualify

**16.** The following programs and activities qualify for CPE hours, provided they are in subjects or topics that qualify as GAGAS CPE, as discussed in paragraphs 17 through 24.

**a.** group programs, including

**1.** internal training programs (e.g., courses, seminars, workshops);

**2.** education and development programs presented at conferences, conventions, meetings, seminars, and meetings or workshops of professional organizations;

**3.** training programs presented by other audit organizations, educational organizations, foundations, and associations;

**4.** Web-based seminars and structured programs of study;

**5.** audio conferences;

**6.** accredited university and college courses (credit and noncredit);

**7.** audit organization staff meetings when a structured educational program with learning objectives is presented (e.g., that portion of the meeting where a

structured educational program is used to teach auditors about how auditing standards apply to their work or topics related to the government environment);

**b.** individual study programs, including

**1.** Web-based courses;

**2.** correspondence courses, individual-study guides, and workbooks;

**3.** courses given through Internet webcasts, televised presentations, DVD, CD-ROM, audio cassette tapes, videotapes, and computer programs;

**c.** other professional activities, subject to the limitations discussed in paragraph 24, as follows:

**1.** serving as a speaker, panelist, instructor, or discussion leader at programs that qualify for CPE hours;

**2.** developing courses or the course materials for programs that qualify for CPE hours; or

**3.** publishing articles and books that contribute directly to the author's professional proficiency to perform audits or attestation engagements.

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## Subjects and Topics That Qualify

**17.** Determining what subjects are appropriate for individual auditors to satisfy both the 80-hour and the 24-hour requirements is a matter of professional judgment to be exercised by auditors in consultation with appropriate officials within their audit organizations. Among the considerations in exercising that judgment are the auditors' experience, the responsibilities they assume in performing GAGAS audits or attestation engagements, and the operating

environment of the audited entity. Auditors and their supervisors should actively participate in selecting appropriate CPE subjects, but the audit organization is ultimately responsible for determining whether a subject or topic qualifies as acceptable for its auditors.

**18.** The 24-hour requirement calls for auditors to obtain at least 24 hours of CPE in subjects and topics directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates.<sup>7</sup> The 24-hour requirement is a subset of the 80-hour requirement for CPE that directly enhances the auditor's professional proficiency to perform audits or attestation engagements. The following guidelines are presented to help auditors determine what subjects and topics would qualify for the 24-hour requirement:

**a.** Subjects and topics directly related to the government environment may include but are not limited to the following:

- economic conditions, fiscal trends, and pressures facing the government entity
- appropriations, accounting, budgeting, financial management, procurement, contracting, and financial reporting in government
- partnerships between governments, businesses, and citizens
- government ethics and independence
- government program management

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<sup>7</sup> The 24 hours may be taken at any time during the 2-year measurement period.



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**What Qualifies As Acceptable CPE?**

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- government financial management issues, such as debt collection, credit management, cash management, grant management, etc.
- legislative policies and procedures
- relevant laws and regulations affecting government programs and the administrative aspects of those programs
- compliance with laws and regulations
- fraud, waste, abuse, or improper payments affecting government entities
- evolving issues of homeland security and safety of citizens
- measuring and reporting the results of government programs
- assessing trends among the population of citizens receiving government services
- risk assessment and risk management for the government entity
- global trends affecting the government environment
- opportunities and challenges presented to the government by advances in science and technology
- information technology developments and applications that affect or could affect the government entity or program
- government transformation issues dealing with evaluating the role of government programs in the future and related to techniques for restructuring government entities, including streamlining

operations, improving organizational efficiency, or outsourcing or privatizing certain functions or activities

**b.** Subjects and topics directly related to standards used in government auditing, which may include *Government Auditing Standards* and, because they are incorporated by reference in *Government Auditing Standards*, American Institute of Certified Public Accountants' (AICPA) statements on auditing standards for field work and reporting and statements on standards for attestation engagements. In addition, GAGAS may be used in conjunction with professional standards used by other authoritative bodies. Therefore, when GAGAS is used in conjunction with standards issued by other auditing standard-setting bodies, such as the Institute of Internal Auditors, the Public Company Accounting Oversight Board, the International Auditing and Assurance Standards Board, and others, training in those standards would be relevant. Other topics include relevant accounting standards and principles (such as those issued by the Federal Accounting Standards Advisory Board, the Governmental Accounting Standards Board, and the Financial Accounting Standards Board) and special government audit requirements established by law or regulation, such as the Single Audit Act as well as other laws and regulations covering audit requirements at the federal, state, or local level, or for recipients of federal contracts or grants.

**c.** Subjects and topics directly related to the specific or unique environment of the entity under audit may include but are not limited to the following:

- economic, operating, technical, or regulatory developments in the specialized area in which the audited entity operates;

- current risks or major changes affecting the government environment;
- current fiscal trends and other developments affecting the entity or the government environment; and
- relevant laws and regulations.

In addition, if training in any of the subjects and topics that would satisfy the remainder of the 80-hour requirement, as discussed in paragraph 19, are tailored specifically to the government environment, such training would qualify toward meeting the 24-hour requirement.

**19.** CPE that would satisfy the remainder of the 80-hour requirement under GAGAS should be in subjects and topics that directly enhance the auditors' professional proficiency to perform audits or attestation engagements but may not qualify as government-related, as described in paragraph 18. The interpretation of the 80-hour requirement can be broad, based on individuals' roles, responsibilities, professional and technical development, and the subject matter of audits or attestation engagements. The audit organization is ultimately responsible for determining whether a subject or topic qualifies as acceptable CPE for its auditors. Examples of such subjects and topics include but are not limited to the following:

- accounting principles and standards
- acquisitions management
- actuarial techniques and analysis
- asset management

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**What Qualifies As Acceptable CPE?**

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- assessment and evaluation methodologies
- audit methodologies, including those developed by audit organizations
- audit risk and materiality
- audit standards
- audit documentation preparation and review techniques and tools
- budgeting
- cash management
- compilation and review of financial statements
- computer security, including general and application controls
- contracting and procurement
- corporate governance
- cost accounting
- current industry risks
- data analysis
- economics
- enterprise risk management
- ethics and independence
- evaluation design
- environment in which the audited entity operates

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**What Qualifies As Acceptable CPE?**

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- finance
- financial analysis
- financial management
- financial reporting
- financial statement analysis
- forecasts and projections
- forensic auditing
- fraud, waste, abuse, improper payments
- human capital management
- information systems management
- information technology
- internal control
- internal control assessment
- interviewing techniques
- management and leadership
- operations research
- oral communications
- organizational change management
- pension and other employee benefits accounting
- performance results, measurement, and management

- principles of management, supervision, and leadership
- program evaluation
- project management
- public finance
- public policy and administration
- quality control
- research methods
- sampling methods
- social and political sciences
- software applications used in conducting audits and attestation engagements
- statistical techniques and analysis
- taxation, but only when applicable to the subject matter of an audit or attestation engagement
- writing

**20.** Auditors who complete a professional certification review course should receive CPE hours only for those segments of the review course that are relevant to performing audits or attestation engagements, or are directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

**21.** Auditors who attend meetings of an accounting or auditing standard-setting organization or a professional organization can receive CPE hours for the segments of

such meetings that are specifically designated as CPE and are devoted to issues related to audits and attestation engagements, the government environment, or the unique environment in which the audited entity operates.

**22.** Before beginning work in accordance with GAGAS, audit organizations should ensure that the audit team collectively possesses the technical knowledge, skills, and experience necessary to competently perform the GAGAS assignment. Accordingly, if auditors are presently not performing audits in a certain area, but may progress into that area, CPE in topics relevant to the new area is also acceptable for the 80-hour requirement as long as the CPE subjects and topics directly enhance the auditor's professional proficiency to perform audit and attest engagements and for the 24-hour requirement if the subjects and topics are directly related to government auditing, the government environment, or the specific or unique environment of the new audit area.

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## Taxation

**23.** Some tax services are not related to the subject matter of audits performed under GAGAS, and, accordingly, CPE related to those unrelated tax services generally would not qualify as CPE for purposes of satisfying GAGAS requirements. However, if certain taxation or other topics relate to an objective or the subject matter of an audit, training in those related 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) would be able to claim GAGAS CPE hours for related courses in taxation. Likewise, auditors auditing the financial statements of not-for-profit organizations under GAGAS would also be able to claim GAGAS CPE if knowledge of the relevant tax requirements relates to an important

financial reporting objective that influences reporting for purposes of the financial statements, such as categorization of expenses, prohibited transactions, or unrelated business taxable income. In addition, if analysis of an entity's tax return is useful and relevant in performing an audit, auditors would be able to claim GAGAS CPE for the related training.

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**Programs and Activities or Subjects and Topics That Do Not Qualify**

**24.** Examples of programs and activities or subjects and topics that do not qualify for CPE hours under GAGAS include but are not limited to the following:

- a.** on-the-job training;
- b.** basic or elementary courses in subjects and topics in which the auditor already has the knowledge and skills being taught;<sup>8</sup>
- c.** programs that are designed for general personal development, such as resume writing, improving parent-child relations, personal investments and money management, and retirement planning;
- d.** programs that demonstrate office equipment or software that is not used in conducting audits or attestation engagements;
- e.** programs that provide training on the audit organization's administrative operations;
- f.** business sessions at professional organization conferences, conventions, and meetings;

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<sup>8</sup> These types of courses would be acceptable in cases where they are deemed necessary as a "refresher" course to enhance the auditor's proficiency to perform audits and attestation engagements.



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- g.** preparation and presentation time for repeated presentations on the same subject matter within the 2-year period unless it can be demonstrated that the content was changed or adapted such that additional study or research was needed prior to presenting the course;
  - h.** conducting external quality control reviews; and
  - i.** sitting for professional certification examinations.

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## Relationship between GAGAS and Other CPE Requirements

**25.** Individual auditors who are members of professional organizations or who are licensed professionals, such as certified public accountants or lawyers, are cautioned that the GAGAS CPE requirements, while similar in many respects to those of professional organizations and of licensing bodies, may not be identical. Some subjects and topics may be acceptable to state licensing bodies or professional organizations, but may not qualify as CPE under GAGAS. Conversely, some CPE that qualifies for GAGAS may not qualify for state licensing bodies or professional organizations. Individuals should carefully consider the relevant professional organizations or licensing body requirements to ensure that they are also meeting other relevant CPE requirements.

**26.** Examples of training topics that may qualify as CPE for state licensing bodies or professional organizations but would not generally qualify as CPE for purposes of satisfying requirements under the 2003 revision of GAGAS unless they directly enhance the auditors' professional proficiency to perform audits or attestation engagements or relate to the subject matter of an audit or attestation engagement include certain training in taxation (see paragraph 23), personal financial planning and investment, taxation strategies, estate planning, retirement planning, practice management, etc.

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# Measuring CPE Hours

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**27.** A CPE hour may be granted for each 50 minutes of participation in group programs and activities that qualify. One-half CPE hour increments (equal to 25 minutes) may also be granted after the first CPE hour has been earned in a given program or activity. At conferences and training classes where the length of individual presentations or sessions are other than 50 minutes, the sum of the presentations or sessions should be considered as one total program. For example, two 90-minute, two 50-minute, and three 40-minute presentations equal 400 minutes or 8 CPE hours. When the total minutes of a presentation are more than 50, but not equally divisible by 50, the CPE hours should be rounded down to the nearest one-half hour.

**28.** For group programs, participants should receive CPE hours only for the actual time they attend the program. Preparation time for students participating in a CPE program should only be counted if the CPE provider has designated a portion of the CPE program as individual study.

**29.** For university or college credit courses, each unit of college credit under a semester system equals 15 CPE hours, and each unit of college credit under a quarter system equals 10 CPE hours. For university or college noncredit courses, CPE hours may be granted only for the actual classroom time.

**30.** For individual study programs where successful completion is measured by a summary examination, participants must complete the examination with a minimum passing grade of at least 70 percent before receiving CPE credit for the course. Participants in other individual-study programs should be granted CPE hours when they satisfactorily complete the requirements of the self-study program. The number of hours granted should be based on the CPE provider's recommended number of CPE hours for the program.

**31.** Speakers, instructors, and discussion leaders at programs that qualify for CPE and individuals who develop or write the course material should receive CPE hours for preparation and presentation time to the extent the subject matter contributes directly to their professional proficiency to perform audits or attestation engagements, including subjects directly applicable to government auditing, the government environment, or the specific or unique environment in which audited entities operate. One CPE hour should be granted for each 50 minutes of presentation time. Up to 2 CPE hours may be granted for the developing, writing, or advance preparation for each 50 minutes of the presentation. For example, a discussion leader could receive up to 21 CPE hours for a presentation of 350 minutes (7 hours for presentation and 14 hours for preparation). In this same example, an individual who develops or writes the course materials but does not participate in the presentation could receive up to 14 hours of CPE. An individual should not receive CPE hours for either preparation or presentation time for repeated presentations that he or she makes within the 2-year period, unless the subject matter involved was changed significantly for each presentation. The maximum number of CPE hours that may be granted to an individual as a speaker, instructor, discussion leader, or preparer of course materials should not exceed 40 hours for any 2-year period.

**32.** Articles, books, or materials written by auditors and published on subjects and topics that contribute directly to professional proficiency to perform audits or attestation engagements qualify for CPE hours in the year they are published. One CPE hour should be granted for each hour devoted to writing articles, books, or materials that are published. However, CPE hours for published writings should not exceed 20 hours for any 2-year period.

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# How Are CPE Requirements To Be Administered?

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**33.** GAGAS require that audit organizations ensure that auditors meet the CPE requirements. Individual auditors are responsible, in conjunction with the audit organization, for seeking opportunities for CPE, for successful completion of CPE programs and activities, and for documenting the CPE hours completed. In addition, individual auditors in conjunction with the audit organization, are responsible for monitoring their own progress towards meeting the CPE requirements and maintaining evidence of their attendance at or completion of CPE programs.

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## Policies and Procedures

**34.** The audit organization's policies and procedures for CPE should address the following:

- a.** identifying all auditors required to meet the CPE requirements (see paragraphs 5 through 9);
- b.** providing auditors with the opportunity to attend internal and/or external CPE programs;
- c.** assisting auditors to determine which programs, activities, subjects, and topics qualify for CPE (see paragraphs 15 through 26);
- d.** documenting the number of CPE hours completed by each auditor (see paragraphs 35 and 36); and
- e.** monitoring auditor compliance with the CPE requirements to ensure that auditors complete sufficient CPE in qualifying programs and topics (see paragraph 39).

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## Maintaining Documentation

**35.** The audit organization is responsible for maintaining documentation of the CPE hours completed by each auditor subject to the CPE requirements. The audit organization's records, which may be kept

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**How Are CPE Requirements To Be Administered?**

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electronically as appropriate, should include the following information for each CPE program or activity attended or completed by an auditor:

- a.** the name of the organization providing the CPE;
- b.** the title of the training program, including the subject matter or field of study;
- c.** the dates attended for group programs or dates completed for individual study programs; and
- d.** the number of CPE hours earned toward the 80-hour and 24-hour requirements.

**36.** The audit organization should also maintain the following information or have appropriate policies and procedures in place that would require the auditor to maintain this documentation, which may be kept electronically, as appropriate:

- a.** certificate or other evidence of completion from the CPE provider for group and individual-study programs, if provided;
- b.** documentation of CPE courses presented and/or copies of course materials developed by or for speakers, instructors, or discussion leaders, along with a written statement supporting the number of CPE hours claimed; and
- c.** copy of the published book, article, or materials that names the writer as author or contributor, a written statement from the writer supporting the number of CPE hours claimed, and the name and contact information of the publisher, if applicable.

If the audit organization elects to delegate the responsibility to the auditor for maintaining the above

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**How Are CPE Requirements To Be Administered?**

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documentation, then the audit organization should have adequate procedures in place to ensure that its records of CPE hours earned by auditors are supported by the documentation maintained by auditors. Examples of such procedures could include periodic distribution of CPE reports to auditors for verification against their records, periodic review of records for a random sample of auditors, etc.

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**Retaining Records**

**37.** All CPE records should be maintained for an appropriate period of time to satisfy any legal and administrative requirements, including peer review.

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**Preparing Reports**

**38.** Audit organizations are not required to prepare reports on CPE. However, audit organizations may consider preparing a periodic CPE report for distribution to the auditors or maintaining or accessing training data online to monitor their staffs' progress towards meeting the CPE requirements.

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**Monitoring an Audit Organization's Compliance**

**39.** The audit organization should monitor CPE compliance through its internal inspections, or other quality assurance monitoring activities. Compliance with the CPE requirements should be evaluated during the audit organization's normal peer review process.

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