

## **2011 Government Auditing Standards Summary of Major Changes**

Unless otherwise noted, numbers in parentheses refer to paragraphs in the 2011 *Government Auditing Standards* (GAGAS).

- A conceptual framework for independence was added to provide a means for auditors to assess auditor independence to activities that are not expressly prohibited. The conceptual framework requires auditors to make independence determinations based on facts and circumstances that are often unique to specific audit environments (3.07-3.26). The conceptual framework achieves further harmonization with AICPA and international standards, with additional considerations for government audits.
- Specific references to personal, external, and organizational impairments, and overarching independence principles have been removed (GAGAS 2007, chapter 3). However, the underlying concepts related to these categories have been retained in the new conceptual framework for independence.
- Requirements for auditors performing nonaudit services at entities they audit, including a requirement that auditors assess whether management possesses suitable skill, knowledge, or experience to oversee the nonaudit service and to document that assessment, were established (3.33-3.44).
- Guidance on nonaudit services that always impair an auditor's independence with respect to audited entities and on certain nonaudit services that may be permitted under appropriate conditions was substantially revised (3.45-3.58).
- A summary of requirements on documentation necessary to support adequate consideration of auditor independence (3.59) was added, incorporating requirements applicable under the new conceptual framework.
- Certain SAS and SSAE requirements that were repeated in GAGAS have been removed.
- Three categories of attestation engagements, (1) examination, (2) review and (3) agreed-upon procedures engagements are now separately discussed. Auditors are not permitted to deviate from the reporting elements prescribed by the AICPA.
- The reporting requirement for fraud now includes only those occurrences that are significant within the context of the audit objectives for performance audits.