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Mr. Gene L. Dodaro
Comptroller General of the United States
Government Accountability Office
441 G St., NW
Washington, DC 20548

28 April 2023

Via email: YellowBookComments@gao.gov

Government Auditing Standards Exposure Draft – 2023 Revisions

Dear Mr. Dodaro,

Ernst & Young LLP (EY US) is pleased to submit these comments to the US Government Accountability Office (GAO) in response to its request for comment on the proposed 2023 revisions to *Government Auditing Standards*, commonly known as the Yellow Book.

As part of a global network of firms that uses one global audit methodology that is based on the International Standards on Auditing, we support the GAO's efforts to largely harmonize its standards with those of the International Auditing and Assurance Standards Board (IAASB) and the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA) while taking into account the potential impact on audit organizations that conduct audit engagements in conformance with the Yellow Book.

Overall, we support the objectives of the proposed revisions that are outlined in Enclosure I: *Overview of Major Changes in Proposed Government Auditing Standards 2023 Revision*. We believe they would help improve quality at both the audit organization and engagement levels and provide for the use of engagement quality reviews, which we currently use in certain circumstances to address identified quality risks.

We appreciate the GAO's efforts to consider the views of stakeholders and are pleased to provide our responses to certain questions included in the request for comment.

- ▶ *Question #1 – Audit Organizations Subject to Other Quality Management Standards*
 - ▶ We support the GAO's emphasis on scalability and flexibility by permitting audit organizations subject to the quality management standards of either the AIPCA or IAASB to comply with those requirements along with the additional provisions in paragraphs 5.53a, 5.53b, 5.53d and 5.72c. We believe this would prevent unnecessary complexity in the quality management environment, as we expressed in our comment letter supporting the objectives of those quality management standards.¹ Audit organizations may leverage existing investments without the potential burden of designing and maintaining a separate system of quality management.

¹ [Comment Letter on Proposed Statements on Quality Management Standards](#)

- ▶ *Question #7 – Early Adoption of Proposed Revision*
 - ▶ We support allowing the early adoption of the proposed revisions. We encourage the GAO to consider establishing an effective date or issue the revisions no earlier than 15 December 2023, which would require audit organizations to design and implement systems of quality management that comply with revisions no earlier than 15 December 2025. These options will allow audit organizations that are subject to the quality management standards set forth by the AICPA to adopt the option described in requirement 5.07.
- ▶ As the revisions are finalized, we recommend that the quality management components in paragraph 5.03 be used consistently throughout chapter 5. For example:
 - ▶ Paragraph 5.49, and the corresponding description of the requirement and application guidance, “acceptance, initiation, and continuance of engagements” should be revised to “initiation, acceptance, and continuance of engagements” to align with paragraph 5.03.
 - ▶ The description of the component “monitoring the system of quality management” in paragraph 5.03 should be revised to “monitoring and remediating the system of quality management” (emphasis added) to align with the description in paragraph 5.84 and subsequent paragraphs.

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We thank you for the consideration of this letter. We would be pleased to discuss our comments at your convenience.

Very truly yours,

