



# GAO Updates the “Yellow Book,” the Preeminent Standards for Government Auditing

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On July 17, 2018, the U.S. Government Accountability Office (GAO) issued a new revision of Generally Accepted Government Auditing Standards, also known as the “Yellow Book.” Last revised in 2011, the Yellow Book is designed to help government auditors at the federal, state, and local levels produce high-quality audits that reflect competence, integrity, objectivity, and independence.

According to Gene L. Dodaro, Comptroller General of the United States and head of the GAO, “First-rate audit work is an essential component of government accountability and oversight. This is an important step forward in assuring taxpayers that public resources are being used responsibly and efficiently.”

## **Some of the key changes to the 2018 Yellow Book include:**

- A new format that differentiates requirements from application guidance
- Updated independence requirements for auditors who prepare the financial statements of an audited entity
- Revised peer review requirements for audit organizations
- New guidance to address waste and abuse as defined under government auditing standards
- Updated internal control guidance for performance audits

To ensure that the new standards meet the needs of government auditors, the Comptroller General established an advisory council consisting of representatives from federal, state, and local governments, as well as the private sector and academia, to review the proposed changes. The new Yellow Book reflects the advisory council’s input, as well as feedback received during the public comment period on the exposure draft of the proposed revisions.

The 2018 revision of the Yellow Book is effective for financial audits, attestation engagements, and reviews of financial statements for periods ending on or after June 30, 2020, and for performance audits beginning on or after July 1, 2019. Early implementation is not permitted.

The 2018 Yellow Book, which will supersede the 2011 revision (GAO-12-331G), is available on GAO's website at: <https://www.gao.gov/yellowbook/overview>.

#### *Author Bio*

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Kristen is a director on the Government Accountability Office's (GAO) Financial Management and Assurance Team. Ms. Kociolek has been a member of GAO's audit standards team responsible for developing, drafting, and maintaining Government Auditing Standards (The Yellow Book) and Standards for Internal Control in the Federal Government (the Green Book). Ms. Kociolek has also led GAO's financial statement audits of the U.S. Securities and Exchange Commission and the Federal Deposit Insurance Corporation. Prior to joining GAO, Ms. Kociolek worked as an audit manager with Ernst & Young in Harrisburg, PA, where her work focused on financial audits of state and local governments. Ms. Kociolek graduated from Elizabethtown College in Elizabethtown, PA with a Bachelor of Science degree in Accounting. She is a Certified Public Accountant, a Chartered Global Management Accountant, and a Certified Government Financial Manager. She is a member of the American Institute of Certified Public Accountants, where she serves on the Auditing Standards Board and the Government Performance and Accountability Committee, and a member of the Pennsylvania Institute of Certified Public Accountants.