

# COVID-19: GAGAS CPE Alert



This alert is effective as of February 29, 2020.

The work of auditors and their ability to complete the hours of continuing professional education (CPE) required by the 2018 generally accepted government auditing standards (GAGAS) have been affected by the Coronavirus Disease 2019 (COVID-19) pandemic.<sup>1</sup> In this alert, GAO is providing three exceptions to the GAGAS CPE requirements for circumstances related to the COVID-19 pandemic. This alert also clarifies an existing GAGAS exemption that may be used in this situation.

## 2018 GAGAS CPE Requirements

GAGAS CPE requirements are located in 2018 GAGAS paragraphs 4.16 through 4.18, with application guidance provided in paragraphs 4.19 through 4.53. Under GAGAS, auditors are required to complete at least 80 hours of CPE in every 2-year period as follows.

CPE hours	Subject matter categories of CPE
24 hours	Subject matter directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates
56 hours	Subject matter that directly enhance auditors' professional expertise to conduct engagements

In addition, auditors are required to complete at least 20 hours of CPE in each of the 2-year periods.

This alert does not remove the requirement for auditors to complete 80 hours of CPE as noted above, and an audit organization may not change its 2-year CPE period because of circumstances related to the COVID-19 pandemic.

This alert applies to GAGAS CPE requirements only. These exemptions and exceptions do not apply to CPE requirements of other professional organizations or other licensing bodies, such as those that license certified public accountants.

<sup>1</sup>GAO, *Government Auditing Standards: 2018 Revision*, [GAO-18-568G](#) (Washington, D.C.: July 2018).

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## Exceptions for Circumstances Related to the COVID-19 Pandemic

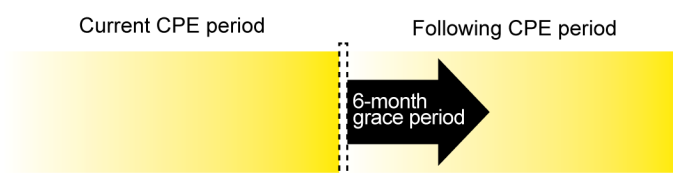
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### Six-Month Grace Period for Completing CPE

Exception provided: For 2-year CPE periods that end February 29, 2020, through December 31, 2020, auditors who have not completed the 80-hour or the 24-hour CPE requirements for the 2-year period may have up to **6 months** immediately following the 2-year period to make up the deficiency. Any CPE hours completed toward a deficiency in one period may be documented in the CPE records and **may not be counted toward the requirements for the next period**. Auditors who have not satisfied the CPE requirements after the grace period may not participate in GAGAS engagements until those requirements are satisfied. This modifies existing 2018 GAGAS paragraph 4.44, which allows audit organizations to grant a 2-month grace period.

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**Figure 1: Six-Month Grace Period for Completing CPE**



Source: GAO. | [www.gao.gov/yellowbook](http://www.gao.gov/yellowbook)

*Example: An audit organization's 2-year CPE period ends on June 30, 2020, and an auditor has only completed 50 hours of CPE as of June 30, 2020, because of circumstances related to the COVID-19 pandemic. The auditor may take until December 31, 2020, to complete the 30 additional hours of CPE. The auditor may only apply the first 30 hours completed during the grace period to the previous period ending June 30, 2020, and may not apply those hours to the reporting period ending June 30, 2022. If the auditor has not completed the 30 hours of CPE as of December 31, 2020, the audit organization may not allow the auditor to conduct GAGAS engagements until those requirements are satisfied.*

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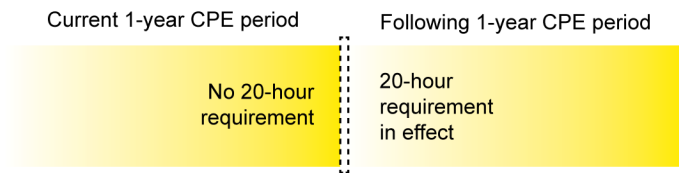
## Waiver of 20-Hour Annual CPE Requirement

Exception provided: Auditors are not required to complete at least 20 hours of CPE for a 1-year CPE period that ends February 29, 2020, through December 31, 2020.

This is an exception from 2018 GAGAS paragraph 4.17, which requires auditors to complete at least 20 hours of CPE in each year of the 2-year period.

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**Figure 2: Waiver of 20-Hour Annual CPE Requirement**



Source: GAO. | [www.gao.gov/yellowbook](http://www.gao.gov/yellowbook)

*Example A: The first year of the audit organization's 2-year CPE period ends on June 30, 2020, and an auditor completed 10 hours of CPE for that year. Under this exception, this auditor is not required to complete the 20 hours of CPE in the year ending on June 30, 2020, but is required to complete the remaining 70 hours, including any of the unmet 24-hour government CPE requirement, by June 30, 2021.*

*Example B: The second year of the audit organization's 2-year CPE period ends on June 30, 2020, and an auditor completed only 10 hours of CPE for that second year but had completed 70 hours in the first year and had met the 24-hour government CPE requirement. Under this exception, this auditor is not required to complete the 20 hours of CPE in the year ending on June 30, 2020.*

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## Carry Over of CPE

Exception provided: From the audit organization's 2-year period in effect on February 29, 2020, auditors may carry over up to 40 hours of CPE, in excess of the 80-hour requirement, to the next CPE measurement period. For 2-year CPE measurement periods ending after December 31, 2020, only CPE hours earned through December 31, 2020 may be carried over. Auditors may not carry over excess CPE earned in prior 2-year CPE periods.

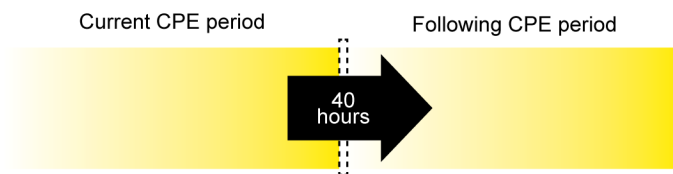
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This is an exception from 2018 GAGAS paragraph 4.45, which provides that auditors may not carry over CPE hours earned in excess of the 80-hour requirement from one 2-year CPE measurement period to the next.

Auditors **cannot** count CPE hours carried over from one CPE measurement period to the next toward the 24-hour requirement for subject matter directly related to the government environment; government auditing; or the specific, unique environment in which the audited entity operates. CPE hours carried over **cannot** be used to meet the 20-hour annual CPE requirement.

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**Figure 3: Carry Over of CPE**



Source: GAO. | [www.gao.gov/yellowbook](http://www.gao.gov/yellowbook)

*Example: An audit organization's 2-year CPE measurement period ends on June 30, 2020, and an auditor has already met the current 2-year period's CPE requirements as of March 1, 2020. With the exception provided, the auditor may carry over up to 40 excess hours of CPE earned in the current 2-year period to the CPE period that lasts from July 1, 2020, through June 30, 2022. This would include CPE hours earned from March 1, 2020, through June 30, 2020. The auditor may not apply the carry over CPE hours to the 24-hour government requirement or the 20-hour annual requirement. Also, the auditor may not carryover CPE from the 2-year CPE periods ended June 30, 2018, and prior.*

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## Clarification of Existing GAGAS CPE Exemption

For auditors who are not able meet the GAGAS CPE requirements in 2018 GAGAS paragraphs 4.16 and 4.17, 2018 GAGAS paragraph 4.29 provides the following:

The audit organization, at its discretion, may grant exemptions from a portion of the CPE requirement in the event of extended absences or other extenuating circumstances if situations such as the following prevent auditors from fulfilling those requirements and conducting engagements:

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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, and
  - h. disasters.

The audit organization may not grant exceptions for reasons such as workload, budget, or travel constraints.

Clarification: If the auditor is working, including teleworking, audit organizations and auditors **may not** use this exemption. The exemption provided for under 2018 GAGAS paragraph 4.29 can only be used if the circumstances prevent the auditor from both fulfilling the CPE requirement **and** conducting GAGAS engagements. An exemption may be used, for example, if an auditor or the auditor's dependents become ill, **and** the auditor is not able to work on GAGAS engagements. The audit organization may use its discretion to determine the portion of CPE hours from which the auditor is exempted. Audit organizations may consider prorating the requirement based on the number of full 6-month intervals remaining in the CPE period, as discussed in 2018 GAGAS paragraphs 4.42 and 4.43, but prorating using this calculation is not required.

*Example A: An auditor contracted a serious illness and was incapacitated for 6 months. The auditor took leave and did not work for those 6 months. The audit organization **may** grant the auditor an exemption from a portion of the CPE requirements.*

*Example B: An audit organization closed its offices because of the COVID-19 pandemic. An auditor was able to telework and continued to work on GAGAS engagements, but was unable to complete the 80 hours of CPE by the end of the audit organization's 2-year period. The audit organization **may not** grant the auditor an exemption from a portion of the CPE requirements as described in 2018 GAGAS paragraph 4.29. However, the auditor can use the 6-month grace period and the waiver of 20-hour annual CPE requirement described above.*

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## For More Information

To view a copy of the 2018 revision of generally accepted government auditing standards (the Yellow Book), visit <https://www.gao.gov/yellowbook>.

For technical assistance, call (202) 512-9535 or e-mail [yellowbook@gao.gov](mailto:yellowbook@gao.gov).