



USAID
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Financial Management Capacity
Development Initiative

Continuing Professional Education (CPE) Roundtable

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Kyiv



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Guidelines for Financial Audits Contracted By Foreign Recipients (2009)

- 2.7 * All selected audit firms should meet or make satisfactory efforts toward meeting the **continuing education requirements (CPE) and internal and external peer review requirements in accordance with U.S. Government Auditing Standards.**
- RIGs (Regional Inspectors General) may remove firms that fail to meet this objective from the list of auditors eligible to perform audits of USAID agreements. RIGs may periodically remove firms that have not performed any audits under these Guidelines for a period of four years. Inactive firms need to be removed from the list of eligible firms periodically because audit staff, procedures, training programs, and affiliations change over time. However, RIGs will give firms an opportunity to update their information before removing them from the list or give firms an opportunity to update their information to apply to be reinstated on the list.

CPE requirements in accordance with Generally Accepted Government Auditing Standards (GAGAS)

3.76 Auditors performing work in accordance with GAGAS, **including planning, directing, performing audit procedures, or reporting on an audit conducted in accordance with GAGAS, should maintain their professional competence** through continuing professional education (CPE). Therefore, **each auditor** performing work in accordance with **GAGAS** should complete, **every 2 years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.** Auditors who are involved in any amount of planning, directing, or reporting on GAGAS audits and auditors who are not involved in those activities but charge 20 percent or more of their time annually to GAGAS audits should also obtain at least an additional 56 hours of CPE (for a total of 80 hours of CPE in every 2-year period) that enhances the auditor's professional proficiency to perform audits. Auditors required to take the total 80 hours of CPE should complete at least 20 hours of CPE in each year of the 2-year periods. Auditors hired or initially assigned to GAGAS audits after the beginning of an audit organization's 2-year CPE period should complete a prorated number of CPE hours.

GAO Guidance on Government Auditing Standards Requirements for Continuing Professional Education

- The GAGAS general standard related to Competence **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
- Auditors **may not carry over CPE hours** earned in excess of the 80- and 24- hour requirements from one period to the next.
- 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** (a fixed-year measurement period, for example, would be the 2-year periods 2010-2011, 2012-2013, etc. while a rolling-year measurement period would be 2010-2011, 2011-2012, 2012-2013, etc.)

GAO Guidance on Government Auditing Standards Requirements for Continuing Professional Education

- 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**.
- An audit organization should **define a prorated number of hours based on** the number of full **6-month intervals** remaining in the CPE period.

GAO Guidance on Government Auditing Standards Requirements for Continuing Professional Education

- 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:
 - **Number of full 6-month intervals remaining in the CPE period: 3**
 - **Number of 6-month intervals in the full 2-year period: 4**
 - **Newly assigned auditor's CPE requirement: $\frac{3}{4} \times 80 \text{ hours} = 60 \text{ hours}$ or $\frac{3}{4} \times 24 \text{ hours} = 18 \text{ hours}$**

GAO Guidance on Government Auditing Standards Requirements for Continuing Professional Education

- 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.**
- 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.

Measuring CPE Hours

- **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.
- 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.
- 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.
- One CPE hour should be granted for each hour devoted to writing articles, books, or materials that are published.
- CPE hours for published writings should not exceed 20 hours for any 2-
9 year period.

How Are CPE Requirements To Be Administered?

- **The audit organization is responsible** for maintaining documentation of the CPE hours completed by each auditor subject to the CPE requirements.
- Audit organizations **are not required** to prepare reports on CPE.

Programs and Activities or Subjects and Topics That Do Not Qualify for CPE

- 1) on-the-job training;
- 2) basic or elementary courses in subjects and topics in which the auditor already has the knowledge and skills being taught when they are not deemed necessary as a “refresher” course to enhance the auditor’s proficiency to perform audits and attestation engagements;
- 3) programs that are designed for general personal development, such as resume writing, improving parent- child relations, personal investments and money management, and retirement planning;
- 4) programs that demonstrate office equipment or software that is not used in conducting audits or attestation engagements;
- 5) programs that provide training on the audit organization’s administrative operations;

Programs and Activities or Subjects and Topics That Do Not Qualify for CPE

- 6) business sessions at professional organization conferences, conventions, and meetings;
- 7) preparation and presentation time for repeated presentations on the same subject matter within the 2-year period when it can not be demonstrated that the content was changed or adapted such that additional study or research was needed prior to presenting the course;
- 8) conducting external quality control reviews;
- 9) sitting for professional certification examinations

Programs and Activities That Qualify for CPE

- internal training programs (e.g., courses, seminars, workshops);
- education and development programs presented at conferences, conventions, meetings, seminars, and meetings or workshops of professional organizations;
- training programs presented by other audit organizations, educational organizations, foundations, and associations;
- Web-based seminars and structured programs of study;
- audio conferences;
- accredited university and college courses (credit and noncredit);
- audit organization staff meetings when a structured educational program with learning objectives is presented

Programs and Activities That Qualify for CPE

- Web-based courses;
- correspondence courses, individual-study guides, and workbooks;
- courses given through Internet webcasts, televised presentations, DVD, CD-ROM, audio cassette tapes, videotapes, and computer programs
- serving as a speaker, panelist, instructor, or discussion leader at programs that qualify for CPE hours;
- developing courses or the course materials for programs that qualify for CPE hours; or
- publishing articles and books that contribute directly to the author's professional proficiency to perform audits or attestation engagements.

Subjects and Topics That Qualify for CPE

- 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.**
- 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.

Subjects and Topics That Qualify for CPE

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 NGO
- accounting, budgeting, financial management, procurement, contracting, and financial reporting by NGO
- NGO program management
- legislative policies and procedures (Title 2 CODE OF FEDERAL REGULATIONS PART 200)
- fraud, waste, abuse, or improper payments affecting NGO
- measuring and reporting the results of NGO's programs

Subjects and Topics That Qualify for CPE

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

- risk assessment and risk management for the NGO
- global trends affecting the NGO
- information technology developments and applications that affect or could affect the NGO (1 C accounting program)
- cost allowances
- direct and indirect costs
- human resources

Subjects and Topics That Qualify for CPE

Subjects and topics directly related to standards used in government auditing may include

- *Government Auditing Standards*
- 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.

Subjects and Topics That Qualify for CPE

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 (NUPAS reports and reviews);
- current risks or major changes affecting the NGO;
- current fiscal trends and other developments affecting the NGO; and
- relevant laws and regulations.

Thank you

Live as if you were to die tomorrow. Learn as if you were to live forever

