



GFOAz Winter Conference

Virtual Event Bag

Yellow Book Changes

Generally Accepted Government Auditing Standards (GAGAS), commonly referred to as the “Yellow Book,” were revised and issued in July 2018 by the U.S. Government Accountability Office (GAO). For financial audits, attestation engagements, and reviews of financial statements the changes in the 2018 Yellow Book are effective for the periods ending on or after June 30, 2020. While there were many new requirements in the 2018 Yellow Book, below is a summary of two key changes.



Independence Requirements Related to Non-Audit Services

The 2018 Yellow Book expands independence requirements for non-audit services, such as the preparation of accounting records and year-end audited financial statements. Under the 2018 Yellow Book auditors must conclude that preparing financial statements in their entirety from a client-provided trial balance or underlying accounting records creates a significant threat to independence. As a result, auditors must document the evaluation of the threat and implement appropriate safeguards to reduce the threat to an acceptable level. As part of reducing the threat of non-audit services the 2018 Yellow Book also provides additional guidance on defining management’s “Skills, Knowledge and Expertise” (SKE).

Under the 2018 Yellow Book management is not required to possess expertise needed to perform or reperform the non-audit service, however, auditors will have to assess management’s ability (or SKE) to recognize a material error, omission, or misstatement in the results of the non-audit services provided. This will determine whether the non-audit service can be performed by the auditor.

Waste and Abuse

Although the phrase waste and abuse has been part of audit terminology for years the 2018 Yellow Book introduces a new concept of waste. Waste is defined in the 2018 Yellow Book as “the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.” Based on this definition examples of waste, depending on the facts and circumstances, may include:

- Making travel choices that are contrary to existing travel policies or are unnecessarily extravagant or expensive.
- Making procurement or vendor selections that are contrary to existing policies or are unnecessarily extravagant or expensive.

Because the determination of waste and abuse is subjective auditors are not required to design testing procedures to detect waste or abuse, however, if waste or abuse is discovered auditors are required to understand that this discovery may indicate that fraud or noncompliance could exist. Therefore, auditors may perform expanded audit procedures if they find any indication of waste or abuse within the audited entity and will need to consider whether and how to communicate such matters.

The 2018 Yellow Book can be accessed on the GAO Yellow Book Web page at www.gao.gov/yellowbook/overview.

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MANAGEMENT TEAM

JASON M. WILLIAMS PRESIDENT

Jason is responsible for portfolio management, operations oversight, sales, and client relations.

Jason earned a BA in Political Science from Brigham Young University, and earned an MBA in finance from the University of New Hampshire.

Prior to joining Moreton Asset Management, Jason was a portfolio manager with Contango Capital Advisors Fixed-Income Team, senior portfolio manager at Zions Bank Liquid Asset Management, and a senior financial representative with Fidelity Investments. Jason has 19 years of capital market experience with trading, sales, and fixed-income markets.

JORDAN C. HANSEN CHIEF INVESTMENT OFFICER

Jordan is responsible for portfolio management, sales and marketing, and client relations.

Jordan earned a BS in Finance from the University of Utah, and earned his MBA from Westminster College.

Prior to joining Moreton Asset Management, Jordan was a portfolio manager with Contango Capital Advisors Fixed-Income Team, and a portfolio manager at Zions Bank Liquid Asset Management. Jordan has 15 years fixed-income experience with an emphasis in short term municipal and corporate securities.

ANDREW J. ROBBINS CHIEF OPERATING OFFICER

Andy is responsible for portfolio management, compliance/regulatory oversight, and client relations.

Andy earned both BS in Finance and an MBA from Brigham Young University.

Prior to joining Moreton Asset Management, Andy was a portfolio manager with Contango Capital Advisors Fixed-Income Team, and a portfolio manager at Zions Bank Liquid Asset Management. Andy has 18 years experience managing fixed-income portfolios.

BENJAMIN SEHY MANAGING DIRECTOR

Ben is responsible for new client development, trading back-up, and client relations.

Ben earned a BS in Finance from Westminster College, and earned his MBA from the University of Utah.

Prior to joining Moreton Asset Management, Ben worked on the Zions Bank Capital Markets desk where he helped municipalities and corporations create investment portfolios and manage cash. Ben has over 12 years capital markets, brokerage, and advisory experience.



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*Source: Bloomberg



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