Defense Finance and Accounting Service

Comments to GAO-13-830SP, Enclosure II: Questions for Commenters

1. Is the hierarchy of components, principles, and attributes clearly explained?

RESPONSE: Yes.

2. Are there any internal control concepts unique to the government environment that should be in the Green Book that is not currently included?

RESPONSE: Add “Strategic” as a category of objectives and expand on this category. "Objective Setting" should begin at the strategic level and then cast down the enterprise. The current framework requires objectives to be tied to strategic planning, but it does not place enough emphasis on a top-down approach. Furthermore, without documenting strategic objectives and its risk tolerances, risks, and control activities, there is no assurance that entity-level objectives can be reasonable assured as being met. This top-down approach also supports a risk-based methodology to associate objectives down and across the entity.

3. Does the framework provide the necessary information to allow program managers to evaluate the internal controls for their programs?

RESPONSE: Yes.

4. Does the Green Book provide adequate criteria for auditors?

RESPONSE: Yes.

5. Are the requirements for management to design, implement, and operate an internal control system clear, understandable, and adequate?

RESPONSE: Yes; however, recommend providing additional detail and/or requirements for an Entity Level Assessment to be performed. Currently, the Office of Management and Budget (OMB), Appendix A of OMB Circular A-123 requires an assessment to be performed at the entity-level to evaluate its effectiveness, based on the five components of internal control that have an overarching or pervasive effect on the agency. Additional requirements would provide Federal agencies with a broader understanding on the importance for performing an entity-level assessment to ensure entity objectives and its control activities are documented and performed to ensure an effective internal control system.

6. Is the evaluation of deficiencies discussion clear, understandable, and adequate?

RESPONSE: Yes.

7. Are the roles, divisions, and overlaps of responsibility for the oversight body, management, and personnel clear, understandable, and adequate?

RESPONSE: Yes.

8. Are the documentation requirements included in the Green Book clear, understandable, and adequate?

RESPONSE: Yes.

9. Is there a need for additional internal control implementation guidance? If so, what form should it take?

RESPONSE: Yes, the current "Internal Control Management and Evaluation Tool" (GAO-01-1008G, dated August 2001) was developed based on the previous GAO Green Book, and was intended to assist agencies in maintaining or implementing effective internal control and, when needed, to help determine what, where, and how improvements can be implemented. A revised tool should be developed to comply with the new principles and attributes that are outlined in the revised Green Book so Federal agencies can perform an effective entity-level assessment of their internal control system.

10. Is this Green Book written in such a way to allow state, local, and quasi-governmental entities, as well as not-for-profit organizations, to adapt it for their own use?

RESPONSE: Yes.

Additional comments to GAO-13-830SP

None.