

From: Swanson, Lora L - [REDACTED]
Sent: Wednesday, November 27, 2013 7:06 PM
To: GreenBook
Subject: Comments on Standards for Internal Controls 2013 Exposure Draft
Attachments: Rough Draft of Internal Controls Outline Example.docx

Importance: High

Hello,

Thank you for seeking comments on the Green Book draft. Overall, I believe it is well written and provides an excellent baseline of information for internal controls in many organizations. I have a lot of positive comments for this draft, but in the effort to stick to what you probably want to know I will only cover the comments where I see there may be room for improvement. My comments are below and stem from my employment with two very different federal agencies (different branches) and my employment for profit driven businesses.

Questions for Commenters- Number 9 – I would like to see an internal control implementation guidance document which gives more of an outline of an internal controls agency handbook with real examples of standard internal controls (*roughly drafted example attached*). I feel this is necessary as the Green Book “does not prescribe how management designs, implements, and operates its internal control system” (pg 7), and it seems that some federal agencies may not know how to do this efficiently and effectively, or they have so much leeway for personal interpretation that they are able to write internal controls in such specific ways as to appear encompassing but leave large gaps.

From a federal agency perspective, I think we would have more success fulfilling the purpose of internal controls if some of this was more defined and consistent among agencies. I have noticed potential room for improvement of internal controls in the following areas: lack of knowledge/understanding of internal controls, lack of organization and clarity in writing internal controls, lack of clarification of who is responsible for what, lack of agency wide reviews, conflicts of interest regarding who oversees internal auditors (**Principle 2/10.06-Segregation of Duties/10.17**), all transaction-level control activities/no entity-level control activities (**10.11/10.14**), lack of laws referenced, lack of financial system reconciliations, lack of using financial systems efficiently, and a lack of transparency in data. I believe an internal control implementation guide with an outline and examples may help to address these types of gaps both for agencies and for the auditors.

11.06 – Please add efficiency and transparency as possible objectives.

- Efficiency – Transactions follow the most direct path to the outcome necessary by using standard, generally accepted processes.
- Transparency – Transactions include standard system allowed details (like descriptions) for transparency to a general audience.

Thank you for your time and consideration! Please feel free to contact me should you have any questions or concerns.

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