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Sent: Friday, February 07, 2014 4:40 PM
To: GreenBook
Subject: Comments on Green Book Exposure Draft

I previously provided specific comments on the GAO Green Book draft. Since the deadline was extended, I have gone back and revisited the draft as well as the recently issued internal control guidance from COSO.

I have the following general observations about the Green Book exposure draft:

I strongly disagree with requiring agency's to document compliance with the 17 principles and detailed attributes for the following reasons:

- (1) It seems to run counter to the notion that internal controls are not one size fits all and are different between entities and can vary among components of an entity. It seems to be highly prescriptive and does not allow for the exercise of judgement.
- (2) In relation to my first point, it seems to remove an organizations flexibility to use a risk based approach to implementing controls and managing risks.
- (3) It has enormous compliance and cost implications not easily borne, especially by small agencies, in this austere budget environment. Does GAO expect agencies, even small ones, to set up and staff compliance units? Does GAO conclude that agencies are currently adequately staffed to comply with these more burdensome documentation requirements? Or does GAO see these requirements as resource neutral?

The language in paragraphs 02.05 and 03.01, in particular, I fear will lead to greater documentation burdens, reduce management's ability to take a risk based approach, and result in greater attention on documenting compliance and ensuring an even distribution of controls; and less attention to evaluating risk, properly calibrating controls, and focusing on those areas that pose the greatest risk to an organization.

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