



DOD OIG
INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
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JAN 16 2014

MEMORANDUM FOR GOVERNMENT ACCOUNTABILITY OFFICE

SUBJECT: DoD OIG Comments on the Green Book Exposure Draft Questions for Commenters

We have reviewed the Green Book Exposure Draft Questions for Commenters and provided our comments (Attachment).

Thank you for the opportunity to comment on the Green Book Exposure Draft Questions for Commenters. If you have any questions please contact Mr. Robert L. Kienitz, Program Director at [REDACTED] or by email at [REDACTED].

A handwritten signature in cursive script that reads "Carolyn R. Davis".

Carolyn R. Davis
Assistant Inspector General
Audit Policy and Oversight

Attachment:
As stated

DoD OIG Comments on the Green Book Exposure Draft Questions for Commenters

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

DoD OIG Comments. Yes, the hierarchy of components, principles, and attributes is clearly explained in Section 2 – Establishing an Effective Internal Control System, paragraphs O2.01 – O2.09.

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

DoD OIG Comments. No, there are no internal control concepts unique to the government environment that should be included in the Green Book that are not currently included. The 2013 Exposure Draft included the internal control concepts unique to the government environment, in particular the role of the oversight body. Principle number one, paragraph 1.01, states that the oversight body and management should demonstrate a commitment to integrity and ethical values. Principle number two, paragraph 2.01, states the oversight body should oversee the entity's internal control system. In addition, Section 2 – Establishing an effective Internal Control System, paragraph O2.16, states that management, with oversight by an oversight body, sets objectives to meet the entity's mission, requirements of applicable laws and regulations, strategic plan, and goals.

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

DoD OIG Comments. Yes, the framework provides the necessary information to allow program managers to evaluate the internal controls for their programs. The framework sections explained in Section 1 – Fundamental Concepts of Internal Control, paragraphs O1.01 – O1.07, Section 2 – Establishing an Effective Internal Control System, paragraphs, O2.01 – O2.25, Section 3 – Evaluation of an Effective Internal Control System, paragraphs O3.01 – O3.11, and Section 4 – Additional Considerations, paragraphs O4.01 – O4.04.10, as well as the explanation of the Components, Principles, and Attributes of an internal control system, provide the necessary information to allow program managers to evaluate the internal controls for their programs.

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

DoD OIG Comments. Yes, the Green Book provides adequate criteria for auditors. The framework sections explained in Section 1 – Fundamental Concepts of Internal Control, paragraphs O1.01 – O1.07, Section 2 – Establishing an Effective Internal Control System, paragraphs, O2.01 – O2.25, Section 3 – Evaluation of an Effective Internal Control System,

paragraphs O3.01 – O3.11, and Section 4 – Additional Considerations, paragraphs O4.01 – O4.04.10, as well as the explanation of the Components, Principles, and Attributes of an internal control system, provide the necessary criteria for auditors to evaluate an entity management’s design and operating effectiveness of the entity’s internal control system.

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

DoD OIG Comments. Yes, the requirements for management to design, implement, and operate an internal control system are clear, understandable, and adequately stated in Section 3 – Evaluation of an Effective Internal Control System, paragraphs O3.01- O3.11, and in Section 4 – Other Considerations, paragraphs O4.01 – O.4.10.

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

DoD OIG Comments. Yes, the evaluation of deficiencies discussion is clear, understandable, and adequately stated in Section 3 – Evaluation of an Effective Internal Control System, Subsection – Evaluation of Deficiencies in Internal Control, paragraphs O3.03 – O3.11.

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

DoD OIG Comments. Yes, the roles, divisions, and overlaps of responsibility for the oversight body, management, and personnel are clear, understandable, and adequately stated in Section 2 – Establishing an Effective Internal Control System, paragraph O2.14.

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

DoD OIG Comments. Yes, the documentation requirements included in the Green Book Exposure Draft are clear, understandable, and adequately stated in Section 4 – Other Considerations, paragraph O4.08, Section - Control Environment, Principle 3, paragraphs 3.12 – 3.14, Principle 12, paragraphs 12.03 and 12.04, and Principle 17, paragraphs 17.07 – 17.10.

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

DoD OIG Comments. No, the internal control implementation guidance contained in the Green Book Exposure Draft is sufficient implementation guidance.

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?

DoD OIG Comments. Yes, the Green Book is 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, The Green Book Exposure Draft, Section 4 – Other Considerations, paragraph O4.10, states that the Green Book may be applied as a framework for state, local, and quasi-governmental entities, as well as not-for-profit organizations, to adapt it for their own use. Management of these entities determines, based on applicable laws and regulations, the applicable requirements for their entities. If management elects to use the Green Book as criteria, management follows all applicable requirements presented in these standards.