

**OFFICE OF THE INSPECTOR GENERAL**

Edward L. Blansitt III  
*Inspector General*

John Hummel  
*Deputy Inspector General*

June 22, 2017

Mr. James Dalkin, Director  
Financial Management and Assurance  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Dalkin:

The Montgomery County Office of the Inspector General (OIG) is pleased to provide comments on the U.S. Government Accountability Office's (GAO) 2017 Exposure Draft (ED) of *Government Auditing Standards*.

Our department is part of Montgomery County's Legislative Branch. We are thus independent of the County's Executive Branch agencies. Our enabling legislation clearly states, "In each project of the Office, the Inspector General should uphold the objective of complying with applicable generally accepted government auditing standards." Thus, we are very interested in proposed changes to *Government Auditing Standards*.

The OIG currently performs or oversees no financial audits. However, we do perform many performance audits, of various types. We will limit our comments to Chapter 1 – *Government Auditing: Foundation and Principles for the Use and Application of Generally Accepted Auditing Standards*; and Chapter 8 – *Fieldwork Standards for Performance Audits*.

Comment 1. Paragraph 1.12 provides examples of the various types of users who may be required or may elect to use GAGAS. We see that the types of users are segregated into contract auditors, certified public accounting firms, Federal inspectors general, Federal agency internal auditors, municipal auditors, state auditors, and Supreme audit institutions. As a county office of inspector general, and not municipal auditors *per se* (because we conduct inspections and investigations, which auditors do not typically perform), we are not sure where we fall.

**For clarity, we suggest the title in 1.12 (e) be changed to municipal auditors and inspectors general.**

Comment 2. Paragraph 8.38 in sections c. and d. refers to the "three categories of entity objectives" and the "five components of internal control". We did not know what the three categories and five components were until we refreshed our memories by referring to GAO's Green Book.

**To enhance clarity, we suggest Paragraph 8.38 include a footnote that describes these categories and components, as well as where a reader can find further discussion. Such a footnote, while possibly redundant, would be useful to those professionals new to the field or unfamiliar with Green Book terminology.**

Comment 3. Paragraph 8.42 states, “The assessment of the significance of internal control affects the audit planning required in paragraphs 8.03 through 8.07. Specifically, it enables auditors to determine whether to assess internal control as part of the audit and, if they do, to identify criteria for the assessment and plan the appropriate scope, methodology, and extent of internal control assessments to perform.” (emphasis added) We are hard-pressed to conceive of a performance audit where internal control should not at some level be assessed.

**We suggest Paragraph 8.42 include an indication that non-assessment of internal controls is rare in performance audits, or indicate when non-assessment of internal controls makes sense.**

We thank you for the opportunity to offer our thoughts.

Very truly yours,

A handwritten signature in blue ink, appearing to read "John Hummel". The signature is fluid and cursive, with a large initial "J" and a long, sweeping tail.

John Hummel  
Deputy Inspector General