

Comments on 2024 Green Book (GB) Exposure Draft
Submitted to GreenBookComments@gao.gov
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Audit Resolution (Evaluation) and Corrective Action – Two separate steps

The GB needs to be clear on the terms resolving (evaluation of issues) and corrective action as relates to audit findings. Principle 17 has 3 distinct steps, reporting of issues, evaluation of issues, and corrective action. While 17.05 deals with evaluation of issues, 17.08 states corrective actions include resolving audit and evaluation [of] findings and in the next sentences uses the term audit resolution to start with review of results reported to management [which is the evaluation step where the appropriate corrective action is determined] and ending with completion of corrective action. This mixes the evaluation and correction steps.

If GAO wishes to use the term audit resolution suggest it should be defined as the evaluation of issues step and not used in 17.08 as part of the corrective action step. Alternatively, suggest not using the term audit resolution in the GB and the GB be clear that corrective action is separate from the evaluation step.

Background – The use of the term resolution as meaning the evaluation of issues step by Federal agencies for Single Audits is a holdover from the OMB Circular A-50 definition of resolution (see below) as prior to the UG OMB Circular A-50 applied to Single Audits. Unfortunately, some people think of the word “resolved” as meaning nothing more is required when in the two step process it is only the agreement on action to be taken, with the follow-up for correction as another step. While OMB has been in the process of revising A-50 for over 20 years, it is still unchanged (maybe this is something GAO could help with as A-50 still applies to Federal agency audit findings).

D. Resolution.

(1) For most audits, the point at which the audit organization and agency management or contracting officials agree on action to be taken on reported findings and recommendations; or, in the event of disagreement, the point at which the audit followup official determines the matter to be resolved. A report may be considered resolved despite the right of persons outside the agency to negotiate, appeal, or litigate. Resolution of a report with respect to parties outside the Government does not preclude further consideration of issues in the report by agency management.

(2) For preaward contract audits, the point at which the agreement is reached, a contract price negotiated, or proposed award canceled, whichever occurs first.

(3) For GAO reports, the point at which the agency responds to the Congress, as required by the Legislative Reorganization Act of 1970.

Evaluation of issues by external oversight

A practical concern is the Uniform Guidance makes the GB applicable to Federal awards and the Single Audit process, and the GB does not differentiate between: (1) audit findings where a Federal agency needs to take corrective action; and (2) audit findings where a recipient of Federal awards must take corrective action and the Federal agency issues a management decision agreeing on the evaluation of issues and corrective action to be taken (2 CFR 200.521). For example, Federal agencies commonly use the term audit resolution for the process of issuing the management decision and an audit finding is resolved when the Federal agency agrees with management's evaluation of the issue and action planned action stated in the corrective action plan. Corrective action happens later.

Suggest adding either a new sentence or footnote to 17.05 to recognize often an external body providing oversight performs an evaluation of issues process on the auditee's audit finding. For example, the following text consistent with 200.521(a):

“In some cases, an external body providing oversight may perform an evaluation of issues and issue a management decision stating whether the finding is sustained, the reason for the decision, and the expected corrective action.”

These comments are submitted on my own as a private citizen and not as part of any group, organization, or entity. Thank you for this opportunity to provide input.

Respectfully submitted,

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