

From: [Debbie Davis](#)
To: [Green Book Comments](#)
Subject: Exposure Draft Feedback
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Thank you for the opportunity to provide feedback; we utilize the Green Book extensively and are excited about the update.

1. Figure 3 – the components and principles statements are all “Management should...” or “The oversight body and management should...”. What about using “must” instead given in general all components and principles are relevant for an effective ICS and if they are not included they should be justified.
2. OV2.17 Oversight body – indicates “oversight by an oversight body is implicit in each component and principle.” Our experience is that oversight bodies struggle to understand their role and how to act on it. Should there be additional direction about what oversight looks like for the components and principles?
3. OV2.20 "Management sets objectives before designing an entity's internal control system. Management may include setting objectives as part of the strategic planning process." Should this be its own OV? Seems like this should be emphasized so entities better understand the order of operation as the concept seems to be misunderstood. See also 6.02.
4. OV2.24 What about moving this after OV2.22 since it likely applies to all 3 categories of objectives? Also, what about using the word “cascading” rather than “linking” to reflect the flow (i.e., objectives should flow/cascade from the higher purposes to lower tier ones)?
5. OV2.25 What about splitting “Internal financial reporting objectives and nonfinancial reporting objectives” so it would be consistent with how the external items are presented?
6. OV3.04 Are “requirements of the act” the same as OV3.05 through OV3.11?
7. OV3.05 Why not split out Design and Implementation and give each of the 3 considerations (i.e., design, implementation, and operating effectiveness) it’s own paragraph for emphasis since design and implementation are different considerations and can be overlooked. For example, many times entities think once they’ve designed something, they are done.
8. OV4.16 Agreed that cost alone is not an acceptable reason to avoid implementing *an effective internal control system* but it may be an acceptable reason to avoid implementing a single, specific control activity (i.e., when the cost > benefit, the activity should be reconsidered). Should there be additional clarification about this?
9. 4.04 “The oversight body evaluates the competence of management as well as the competence overall of the entity personnel”. What does, or how would, an oversight body evaluate the competence overall of the entity personnel? Could this be further

developed?

10. 6.06 "...these requirements" – is this both the external and internal requirements mentioned in 6.05?
11. 7.06 "...Internal parties include..." what about a specific callout for internal audit?
12. 11.13 and Footnote 87 – As significant as AI is becoming, should it be included in the main body text rather than as a foot note?
13. 12.03 indicates "Management documents in policies for each unit its responsibility... Doing so mitigates related risks..." Just documenting responsibilities likely won't mitigate the risk as the policies actually need to be followed. What about something like a change from "Doing so mitigates related risks to acceptable levels." to "Documentation in policies is the first step towards implementation of control activities to mitigate related risks to acceptable levels."
14. 14.08 includes "periodically" and "periodic" are both words needed?
15. Footnote 94 is pretty important. As such should it be part of the main body rather than a footnote?
16. Appendix II Post-payment Reviews includes the term "Recovery audits" and indicates it is a management function. Since audits are generally done by individuals or entities independent of management, should these be recovery "reviews" instead?
17. Glossary: Policies is defined as "Reflect management or oversight body statements of what should be done to implement internal control." Is it a "should" or a "must"? It could result in confusion.

Best,

Debbie Davis, CPA

Chief Audit Executive | Internal Audit Department | Utah State Board of Education

250 E 500 S | PO Box 144200 | Salt Lake City, 84114-4200

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[REDACTED]

Public Education Hotline: 801-538-7813 or audit@schools.utah.gov

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