



Internal Control – More Than a Good Idea – It’s Also the Law!



IF IT AIN'T BROKE, DON'T FIX IT

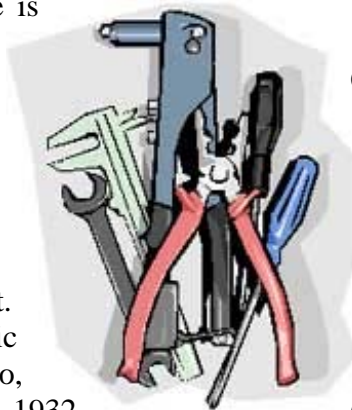
A frequent temptation for a new manager is the urge to change a long-standing policy or procedure, regardless of the need for change. Primates do like to mark their territory.

But one of the cardinal rules of bureaucracy is “If it ain’t broke, don’t fix it.” Some people are eager to embrace new technology, so that they will have bragging rights at cocktail parties. These are often the same people who buy riding mowers for their postage stamp lawns.

But there are times when change is justified, if it is the right change. And sometimes, any change will yield improvements in productivity, primarily because people appreciate being noticed (even if it is negative attention).

Consider the Hawthorne Effect. Named for the Western Electric Hawthorne Works in Cicero, Illinois, Between 1927 and 1932 professor Elton Mayo reviewed productivity and work conditions, starting with lighting and humidity, then addressing psychological aspects of the work group (changing break times or working hours, applying different managerial style, or creating a sense of competition between work groups). Every change yielded improvement in productivity because people act differently when they know they are being observed.

Keeping in mind the X, Y and Z types of people working for you, some will improve out of fear of retribution (curtailing personal phone calls, double-checking their figures, improving attendance and punctuality). Others will improve because they want to be noticed in a positive sense (even if you have no ambition to higher office, positive feedback is an uplifting experience).



Of course we do not advocate change for the sake of change. Bureaucratic inertia (or tight budgets) usually ensures this. Then there is the bureaucratic equivalent of the Hippocratic Oath: “When in doubt, do nothing.” Some things have a habit of sorting themselves out. When an unwelcome trend is identified, the rules are changed. Some situations are transitory (snow plows are a seasonal affair, disaster movies notwithstanding). And sometimes, the people most affected by a trend look for solutions outside traditional channels.

THE INTERNAL CONTROL ACT

There are cynics who feel that the Internal Control Act is just another meaningless fad – and it will be a meaningless fad unless it is embraced by executive staff, managers, supervisors, and rank & file employees. The Internal Control Act requires agencies to engage in periodic review of their internal control systems – which means identifying those procedures, measuring productivity (qualitatively and quantitatively), and assessing the risks inherent in such operations.

When properly implemented, those “annual nuisances” can become an important communication tool for you to get the attention you need to resolve a long-standing problem. Reallocating staff due to retirements and reductions in force requires a reprioritization of an agency’s mission and functions. It also requires training for those assigned to new roles and responsibilities. It may also require new procedures, or integration of data between units.

Ideally, an internal control review would depend on ongoing monitoring of key functions, not a perennial paper chase. There are three standard ways to monitor a situation, be it a licensing/registration operation, fiscal audit or UN peacekeeping mission:

Observe – Interview – Document.



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By **Observe** we are talking about using your eyes and ears to monitor the operation. A good shop foreman knows by sound alone whether a printing press is functioning properly, or if the staff are keeping busy. Are you getting the expected results at the end of the day? Are people ebullient or exhausted at quitting time? And yes, even a sense of smell can come in handy. Factory workers know the value of good ventilation, and the harmful effect paint and solvent fumes can have on their bodies. There is also the “sense of smell” an account clerk can develop processing vouchers, or the “sense of smell” an auditor taps into instinctively when reviewing questionable transactions.



By **Interview** we are talking about talking to your people, both new employees and seasoned staff. Ask them questions about their work. Are they following the proper protocol? Are they keeping up with the workload, or are they cutting corners to avoid backlogs? Do they have any ideas on how to improve the operation? Do they fully understand WHY they do what they do?



By **Document** we are talking about manual and computer record-keeping. Sampling transactions for anomalies (often with computer technology, you can filter ALL transactions for glitches). Double-checking figures, verifying signatures, setting up tracking systems to document



progress. Checking dates (prompt payment legislation is only one issue – delays in transaction can cost more than money).

When you are observing-interviewing-documenting, avoid the tendency to second guess your staff. Avoid the tendency to think you know more than they do. Approach the task with humility, not arrogance, and this will communicate to your staff that “you are all in this together”.

To these three trusted techniques, I would add a fourth: **Confer**.



It has been said that the Army is run by its Sergeants. Generals may plan campaigns, colonels may issue edicts, and lieutenants (fresh out of Officer Candidate School) may think they are giving the orders, but it is the wise, seasoned sergeants who make things work.

Think of yourself as a sergeant, not a general. Confer with other sergeants. Develop a network of people you can compare notes with, vent your frustrations, ask questions, or pool resources. Perhaps your predecessor is still available for consultation. There is no need to supervise in a vacuum. No matter what size your agency, there are people you can turn to for specialized assistance (be it training, information technology, labor relations, methods and procedures, or EAP). Don’t be afraid to ask for help.

If you must sweep something under the carpet, remember - that carpet was provided by the low bidder.