



Whenever someone talk to you about rules and regulations, policies and procedures, or internal controls, your body has an inevitable response. Eyes glaze over, ulcers start percolating, respiration and circulation decelerate. Your brain goes to its happy place until the conversation slides to a more scintillating topic, like gout or tax reform.

Yes, there are rule and regulations that frustrate. Policies and procedures that obstruct. And overzealous controls that interfere with performance. How then do we translate **vision** into **action**? How then do we **achieve our goals** while **avoiding unacceptable risks**?

As a leader in government service, your primary concerns are not rules and regulations. You are looking for results. Results that are achievable, affordable and accountable. Whether you are fighting disease, poverty, ignorance or crime, there are people counting on you to make a difference. And if you can do so without encouraging a visit from Mike Wallace or Geraldo Rivera, so much the better.

You may find this hard to believe, but:



We are NOT talking about the painful, but necessary controls placed upon us by Civil Service, OGS, OSC, or Division of the Budget. Hiring and firing, purchasing, payroll, budgeting – all have administrative requirements to maintain integrity and accountability.

We ARE talking about the kind of management controls your own agency puts in place to control risk and monitor performance.

Controls that are tailored to meet the needs of your programs, your staff and the population they serve. We can arbitrarily divide internal control into four major categories:

- **Hardware controls** – like locks on doors, combinations on safes, smoke detectors
- **Software controls** – like passwords on computer systems or edit routines to reduce data entry errors
- **Procedural controls** – including accounting procedures, instructions to staff, form designs and documentation requirements
- **“Soft” controls** – knowledgeable, trained, ethical staff who are dedicated to your programs, honestly seeking to meet agency goals without resort to slipshod practices or dangerous shortcuts.

With good, honest, and dedicated staff (soft controls), you can rely less on the other three categories. For example, most of us have the intellectual acumen to assemble **peanut butter and jelly sandwiches**¹ without referring to detailed, step-by-step, illustrated instructions.

¹ Believe it or not, it is possible to purchase frozen, pre-assembled, crust-free PB&J sandwiches.



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



We know the value of separate knives for the two main ingredients. When we join the two slices of bread together, we ensure the filling is on the inside. Chances are, we didn’t have to use a keypad to open the refrigerator, and the jars opened without password protection.

Of course, the cost factor involved in such an operation is negligible. **Beluga caviar**, on the other hand, requires special handling. (Hey kids, don’t try this at home)



You’ve probably seen the PBS commercial where a young child scoops out some sturgeon roe, and dumps it into her aquarium, reasoning it is just fish eggs, after all. Maybe you have no caviar at home², but if you did you probably rethought where to store it away from such innocent intellects.

Internal controls are developed over time, in response to risk and experience. **Risk assessment** is an ongoing process (part formal, part informal). Experience tells us (if we are paying attention) the likelihood of occurrence, and the negative impact of such occurrence (be it frequent or infrequent).

And years of negotiating (battling) with the control agencies tells us whether controls are affordable (DOB) and adequate (OSC). You may not be responsible for a warehouse full of caviar, but you may have been assigned a \$2,000 laptop computer. Ever wonder where you left it?

While we have divided internal controls into four major categories, some folks just divide them into two categories – **over-control** and **under-control**.

When fax machines were a novelty, some agencies/offices inflicted users with sign-in sheets or onerous logs when sending a fax. Of course no one filled out a form when receiving a fax.

Now the average fax may only cost 3 cents per page, you can buy a home machine for \$50, and faxes themselves are being supplanted by e-mail and MS Word attachments. No more logs. No more over-control in one instance.

What about **under-control**? We all know the value of locking the barn door after the horses escape. There are times we are unwilling (or un-prepared) to impose new controls in a new setting, because we have had no negative experience controlling that risk. When computers were all kept in air-conditioned rooms, with raised floors and locked doors, entrusted to a few wizards, the rest of us did not need Palm Pilots to hold all our passwords. Then PCs started showing up on all our desks, and passwords evolved from our pet’s birth date to complex algorithms with letters and numbers and control characters.

For the record, your agency’s internal control officer is NOT a control character (though it takes a special breed to devote every waking hour to this benighted profession).

At this point, we could “sit on the ground and tell sad stories of the death of kings.”³ Better we should talk about the circumstances on our own agency, examine the over-controls that have outlived their usefulness, and consider the possible risks we are exposed to due to under-control.

All in all, we are just looking for a **reasonable assurance** that no one will die on our watch, none of our staff will wind up involuntary clients of another State agency, and Mike Wallace and Geraldo Rivera will focus their attentions elsewhere, at least for the next two weeks.

² Of course you do – you are a leader, aren’t you?

³ William Shakespeare, Richard II, Act III. Scene ii.