



## WHY DOES INTERNAL CONTROL MATTER?

Say the words “internal control” and they are automatically confused with “internal audit”. Internal audit refers to a small group of trained professionals who review accounts and business practices, scrutinize databases and sample paper records. All this in an attempt to identify weaknesses in an operation that could lead to fraud, waste or mismanagement.

Enter the **Internal Control Act**, and now the emphasis is on “accountability”. There is more involved than just money. Agency reputations, government credibility, and taxpayer support are all at risk. It’s more than a question of pilferage from agency coffers. The very funding of government programs is at stake.

Internal control involves more than internal auditors – it involves every government employee. Front line, supervisor, executive. And if you are lucky, it also involves citizen advisors and the general public. Each of us knows a little bit of what goes on in a government agency. Each of us has a sense of smell, and an ounce or two of curiosity when things don’t add up.

Yes, we have accounting systems in place, segregation of duties when it comes to major expenditures, elaborate and onerous procedures for contracting and purchasing. But all these systems depend on trust, open communication and personal integrity. When any of these three elements are missing, disaster is imminent.

Not all these disasters will make it to the Evening News. More likely you are aware of a series of **minor disasters**, individually insignificant, but added together they can spell the downfall of an empire:



- A dedicated and talented MSW stretches things on a timesheet or travel voucher. When nobody notices, she gets greedy. After all, “we aren’t paying her what she’s worth.”
- An information technology wizard is assigned a cell phone, sign of on-call importance. Before you know it he’s running up a monthly bill of \$300 for personal calls.
- An executive is assigned a State car for business travel. Soon his own car is up on blocks in his garage, as every trip takes on governmental significance. The oil changes and car washes are on us, too.
- A building inspector regularly receives free tickets to Yankee Stadium from the builders he inspects. “Hey, we’re not talking World Series here. It’s no big deal.”
  - A correction officer or teacher takes a personal interest in an inmate or student, abandoning all pretense of professional detachment.
  - The Merit System is “tweaked” by Human Resources, so that a lesser-qualified candidate rises in an organization. Diversity is also sacrificed.
  - A school bus driver forgets to take his BP medication, then drinks his lunch. The roads are hilly and icy.
- A grant decision or contract determination is based not on its merits, but on influence of political pressure or economic incentive (bribery is such a dirty word).
- A doctor is involved in clinical trials, but her investment portfolio includes a lot of pharmaceutical stock.
- A contractor substitutes an inferior grade of steel or concrete on a bridge project. Nobody will notice for 20 years.
- A school teacher marks on a curve so that Johnny who can’t read can move up to senior year. He can always hope for an athletic scholarship when his College Boards bottom out.
- An executive spends an inordinate amount of time on charitable work, drawing subordinates into the process. It’s not like she is profiting monetarily from their efforts. Heck, we even give that charity a Member Item every year.



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



- A purchasing agent can get a great deal from her cousin, but he is not on state contract.
- A computer programmer pads her resume to get the dream job she can't handle. She holds things together with a patchwork quilt of subroutines, but the day is drawing nigh when the entire system will collapse under its own weight.

No, the sky isn't falling (though the bridge might). But each of these instances, unaddressed by management and colleagues, spells trouble for accountability and agency success.

To the executives and managers I say – your only hope is to listen to your people. Call them the front line, underlings, subordinates, office temps, whatever. Listen to them, for collectively they are the ones who know what is going on. You may be the only one who can put all the pieces together, and do something about it. But that's your job.

In the '60's, the Administrative Analyst's Handbook had a quote: “An administrative analyst should have a passion for anonymity.” I didn't agree with that quote back then. But today, with Gossip TV, yellow journalism, muckraking and mudslinging back in vogue, your 15 minutes of fame may not be what Andy Warhol envisioned.

Do you really want to be quoted in the New York Times, the Albany Times-Union or the Syracuse Post-Standard? Do you want 60 Minutes to do a feature on you, when you were asleep at the switch? How about Fox News?

**Rather fail with honor than succeed  
by fraud. - Sophocles**