



Things Managers Do That Make You Shake Your Head

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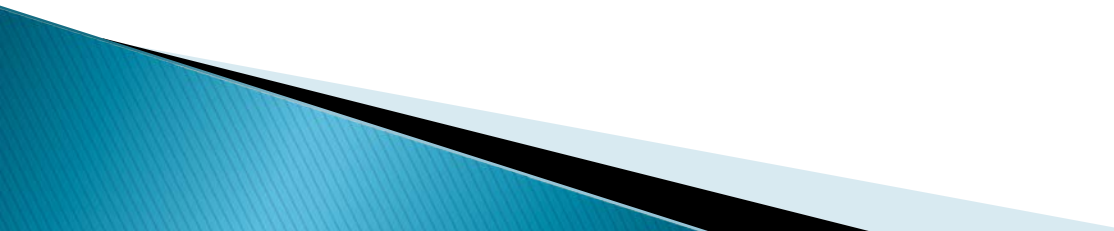
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THINGS MANAGERS DO THAT MAKE YOU SHAKE YOUR HEAD

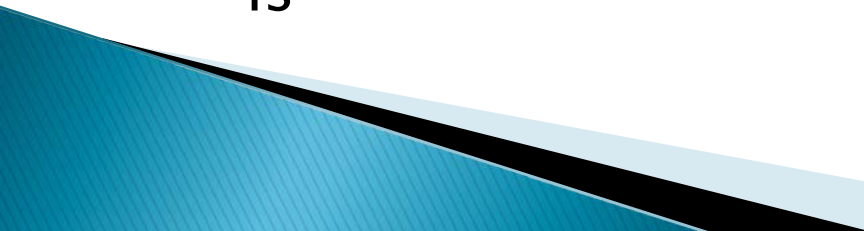
William Miller
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Manager's Responsibilities

- ▶ All managers have an organizational objective
 - ▶ All managers must structure operations to achieve corporate goals and objectives
 - ▶ All managers must develop systems to ensure the organizational objective and corporate goals are being met as intended
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Manager's Responsibilities

To accomplish objectives managers must have

- Vision: planning for the future
 - Management and internal controls
 - Connection to staff
 - Ability to recognize and orchestrate change
 - Listen and communicate with staff
 - Ability to challenge the status quo no matter what it is
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Which One Can Cause Trouble

Two schools of thought

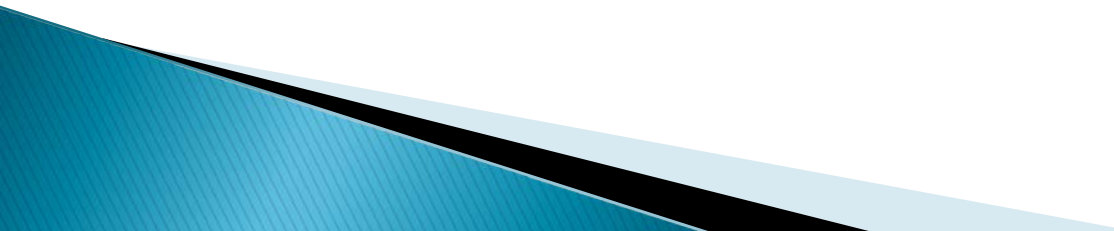
If there is no policy—do it

If there is no policy—don't do it

Many managers operate without written policies and procedures or ignore them altogether

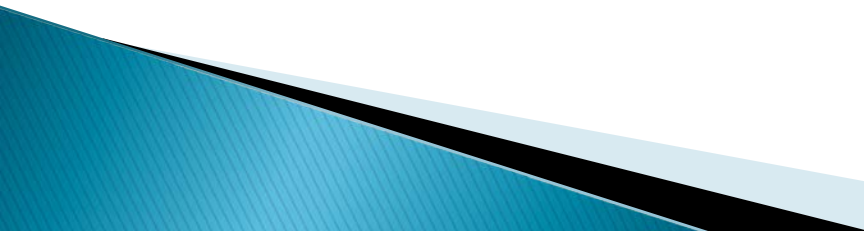
As Auditors What To Look For

Understand the management structure

- ▶ How do divisions relate to corporate goals?
 - ▶ Are there written policies and procedures?
 - ▶ What responsibilities require approvals & is that happening?
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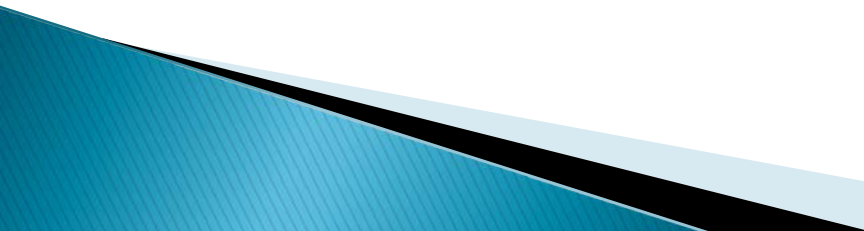
As Auditors What To Look For

Select and observe operations in some detail

- ▶ If there is policy and procedure for accomplishing activity are they following it?
 - ▶ If there are problems, who knew about them and when?
 - ▶ Determine efficiency of the activity and if changes are needed why didn't management figure this out?
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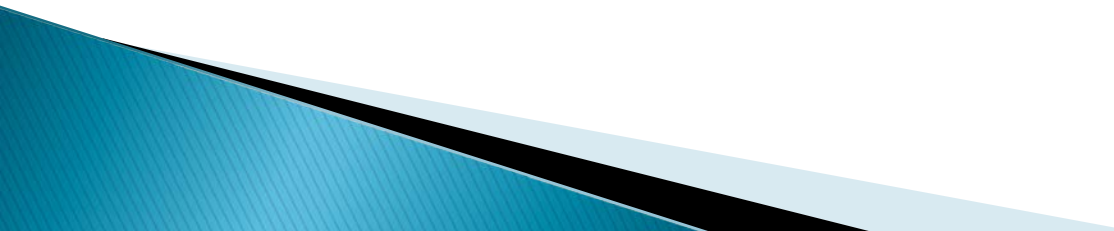
As Auditors What To Look For

Determine interaction between players

- ▶ How does top mgt know what is going on?
 - ▶ What communication lines are established to ensure org is moving in direction planned by top managers?
 - ▶ What is the documentation trail?
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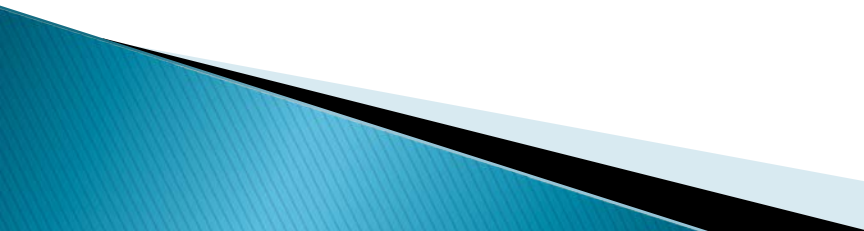
As Auditors What To Look For

Interview from the top down

- ▶ Understand what the top manager thinks is going on
 - ▶ Determine if manager is active or passive
 - ▶ Determine manager's priorities and how communicated to staff (written, verbal, implied through action/inaction)
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As Auditors What To Look For

Look for cultural issues

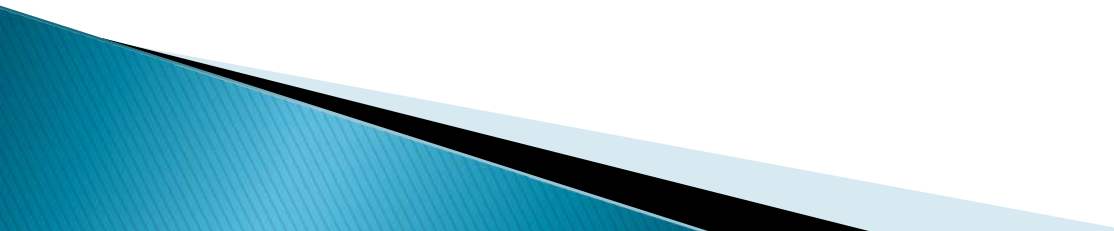
- ▶ We've always done it this way
 - ▶ No planned or recurrent review of operations
 - ▶ Failure to adopt new technologies and systems
 - ▶ We've suggested this but they don't listen
 - ▶ Aged workforce
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Somewhere between Stu and Pid

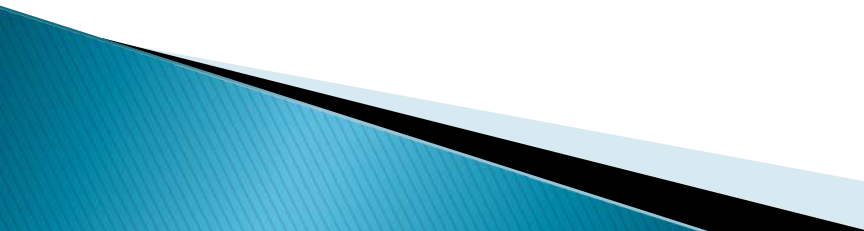
The organization went through major installation of finance and HR system

A manager was assigned and given a staff to oversee implementation of the system throughout the organization

Goal was to get buy-in from all departments, solve problems and get the darn thing running

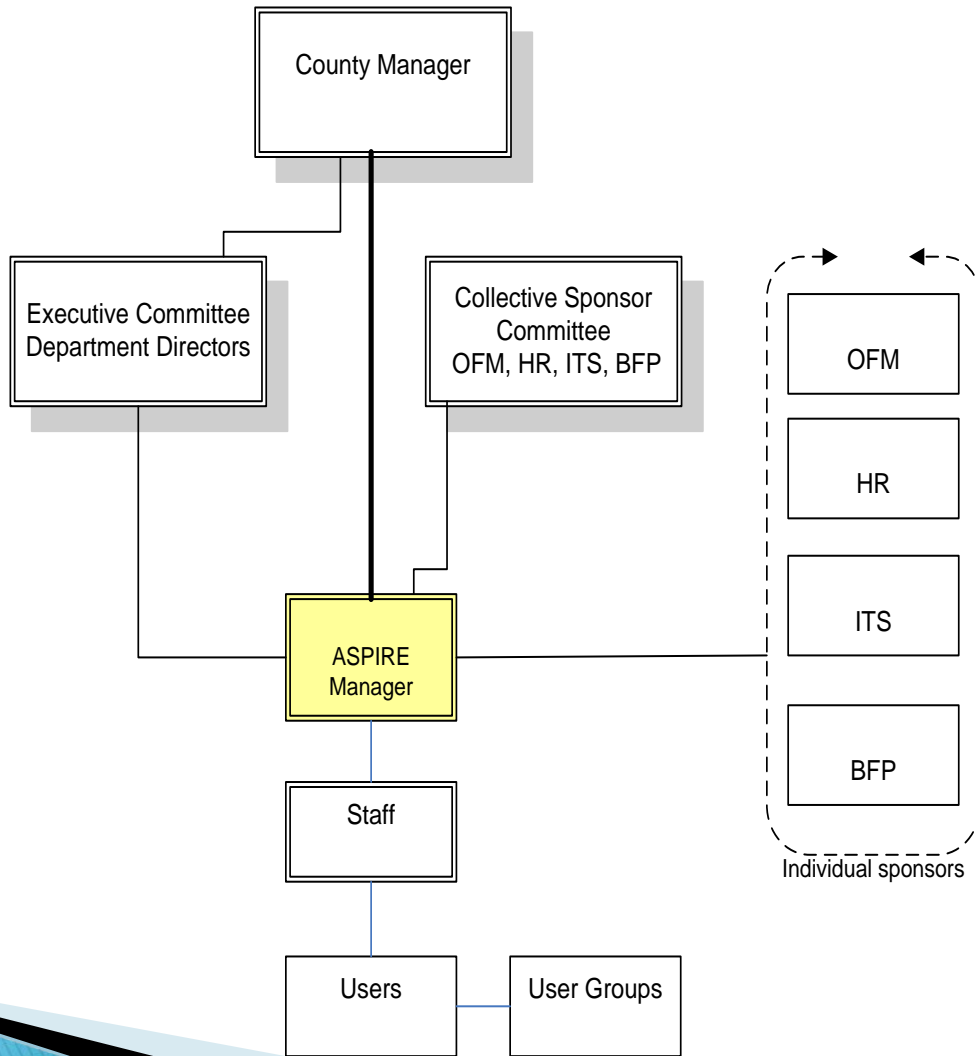


Problems

- ▶ Implementation was slow
 - ▶ Departments were not buying in
 - ▶ Top 10 priorities changed every month
 - ▶ Organizational structure was unsustainable
 - ▶ Top Management was unaware of issues
 - ▶ Implementation manager unable to push issues
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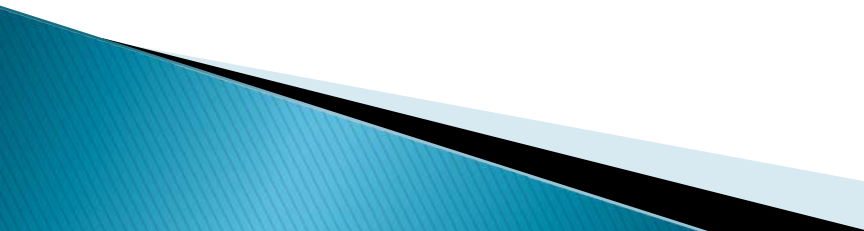
ASPIRE Manager

Lines of Control



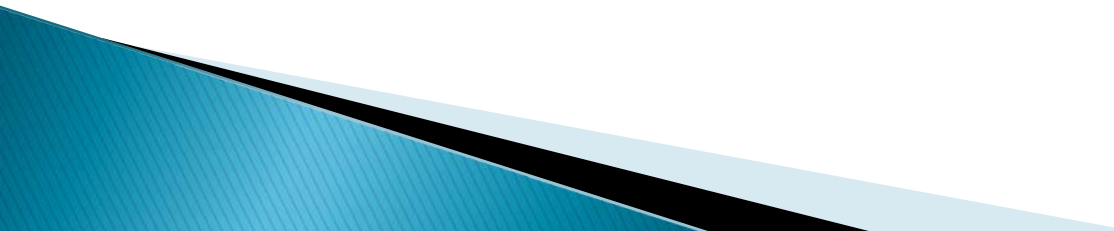
Here's an idea—no work on Friday!

A vehicle maintenance operation

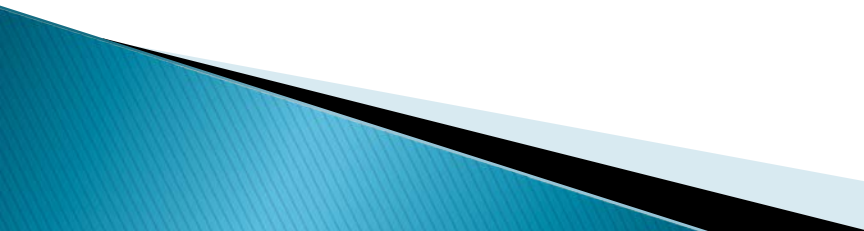
- ▶ Mission to repair and maintain govt. fleet
 - ▶ Scheduled work = repairs and preventive mtnc
 - ▶ No productivity measures
 - ▶ Only 13% of the workload was done on Friday
 - ▶ Excuse: Use Friday for missed appts
 - ▶ Top managers had no operational review
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More Car Stuff

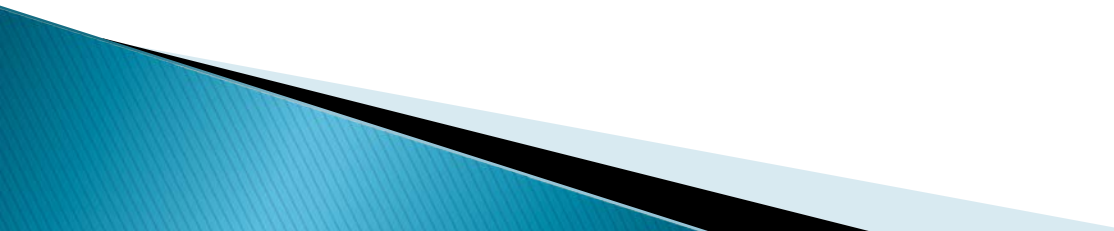
Surplus Cars

- ▶ Two depts did not report surplus—31 cars in lots
 - ▶ Another did not declare surplus vehicles
 - ▶ Lost revenue due to failure to get cars in auctions
 - ▶ Directors were part of the problem not the solution—made excuses
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Unbelievable Excuses

- ▶ Did not want to show cars to potential buyers—took time away from work
 - ▶ The purchasing lot was full (could show at home location)
 - ▶ Cars are critical to operations
 - 1 car only had two tanks of gas filled in a year
 - 1 car had only 692 miles in a year
 - Director used pool vehicle when he had a car allowance
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It's Going to the Dogs

- ▶ Mo. Dept of Ag inspects dog breeders
 - ▶ Federal Gov't. inspects dog breeders
 - ▶ Both agencies agreed to work together to cover more breeders (If one inspected a breeder it would share the results with the other)
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Inspection Results

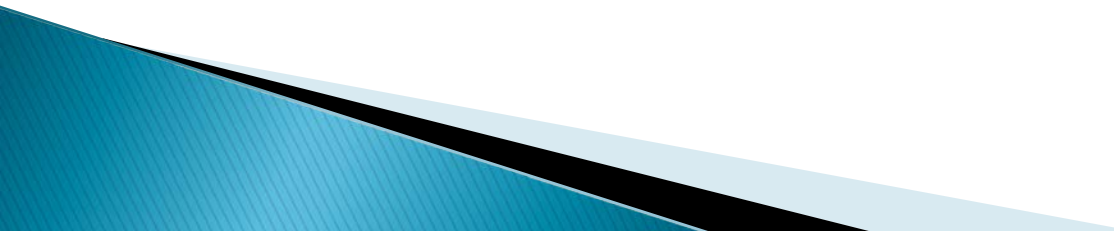
State

- ▶ Violation Rate 42%
- ▶ Time to Inspect 15 – 30 Min
- ▶ Penalties assessed 0
- ▶ Value of Fines 0
- ▶ Likelihood of Revocation 0
- ▶ Documentation rate 0

Federal

- ▶ Violation Rate 73%
- ▶ Time to Inspect 1 ½ Hours
- ▶ Penalties assessed 11
- ▶ Value of Fines \$14,460
- ▶ Likelihood of Revocation—many breeders on path
- ▶ Documentation rate 100%


Other problems

- ▶ State and Feds inspected same breeders—sometimes on the same day or within a week
 - ▶ Not supposed to happen
 - ▶ Since it did happen—results were contradictory
 - ▶ State found no violations—Feds on same day found 7 at one breeder
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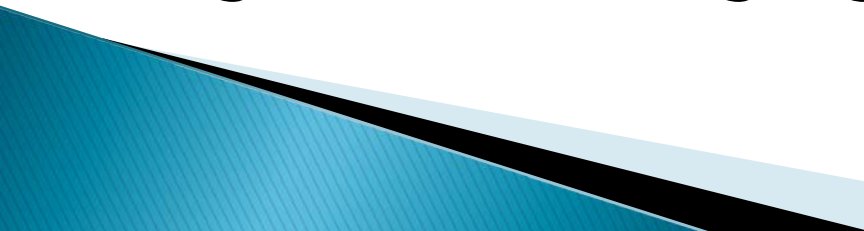
Other Problems

- ▶ Ag Dept Director had no system of oversight and was unaware
 - Chief of Inspection and Inspector were breeders
 - Chief of Inspection was President of breeders Assn
 - Inspection culture was combative with Feds
 - Inspectors were violating agreement with Feds
 - Practices would never allow license revocation

When was last time balanced ckbk?

- ▶ How about not in 15 years!!
 - ▶ Chief of Accounting never reconciled bank balance for payments to mentally challenged workers
 - ▶ Many un-cashed checks were found and none reported to state as unclaimed property
 - ▶ Supervisor stated supervision wasn't his strong suit never reviewed or asked questions
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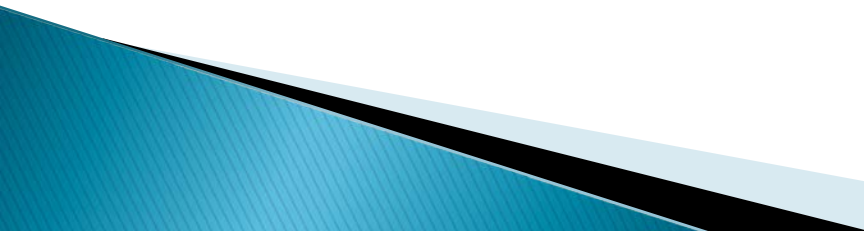
Management Disconnect

- ▶ Director of \$42 million enterprise failed to recognize:
 - staff shortages
 - skill set void
 - ▶ Accounting/IT /Program staff overworked
 - ▶ Critical functions did not get done/separation of duties problem
 - ▶ Ignored warning signs—material weakness
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Opportunities

- ▶ Outsource significant workload
 - Payroll
 - Accounts Payable
 - Cash collections and management
 - PC Maintenance and Support, Lan Activities
 - General Ledger operations
 - Investments
- ▶ Issue Purchase Cards to appropriate staff to reduce thousands of checks


Causes

- ▶ Penchant for independence from County
 - ▶ Failure to recognize organizational problems
 - ▶ Misplaced pride in doing things with minimum staff
 - ▶ Management practices devoid of any oversight—no reports, no questioning, no evaluation of programs, didn't listen.
 - ▶ Reliance on private auditors to do accounting
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Nobody Listened

- ▶ Department hired two university professors
 - ▶ Product was studies using mentally disabled subjects
 - ▶ Department staff complained about the professors concerning their work and results
 - ▶ Top management either made excuses for their presence or were unaware of their work product
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The Real Story

- ▶ The professors used County resources and subjects to support their incomes from the University
 - ▶ They did not acknowledge the County in their written work
 - ▶ They did not account for their hours to support the County salaries
 - ▶ They had nothing to show for their work
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